

**Important Personal Income Tax Information and Tips for 2016 New Arrivals in  
Canada when filing your 2016 Income Tax Return  
Prepared by: Gerry O' Connor  
Effective: January 1, 2017**

---

## **WAIVER**

This document is designed as a general guideline to provide new arrivals from Ireland during 2016 with a general introduction to the Canadian taxation system. It also provides a number of tax tips for new arrivals to prepare them for filing their first Canadian personal income tax return in 2017.

This document is not designed to provide general or individual taxation advice. If you have a question in relation to any of the taxation matters discussed, or their application to your particular circumstances, or any other taxation matters not discussed here, you should consult a professionally-qualified taxation professional. The author assumes no liability, directly or indirectly, for the accuracy or completeness of any information provided herein.

## **BACKGROUND**

Do you have to file a return?

In 2017, you must file a return for 2016 if any of the following situations apply:

- You have to pay tax for 2016.
- Canada Revenue Agency "CRA" sent you a request to file a return.
- You were a deemed resident of Canada at any time in the year, and you disposed of capital property in 2016 (for example, if you sold real estate or shares) or you realized a taxable capital gain (for example, if a mutual fund or trust attributed amounts to you).
- You have to contribute to the Canada Pension Plan. This can apply if, for 2016, the total of your net self-employment income and pensionable employment income is more than \$3,500.
- You are paying employment insurance premiums on self-employment and other eligible earnings.

Even if none of these requirements apply, you may want to file a return if any of the following situations apply:

- You want to claim a refund.
- You want to apply for the GST/HST credit. For example, you may be eligible if you turn 19 before April 2017, and you are a deemed resident of Canada.

If the above conditions apply, you file a 2016 Federal Income Tax and Benefit Return (**called a T1 General Return**) with the Canada Revenue Agency ("CRA") **on, or before April 30, 2017.**

The purpose of this document is to provide a general overview of the some of the key taxation matters which apply generally to new arrivals and, in addition, identify important steps that can be taken now in order to prepare and assemble key taxation documents.

**Important Personal Income Tax Information and Tips for 2016 New Arrivals in  
Canada when filing your 2016 Income Tax Return**  
**Prepared by: Gerry O' Connor**  
**Effective: January 1, 2017**

---

### **Canada Revenue Agency ("CRA") Website**

CRA provides an excellent website designed for individuals who are filing an Income Tax and Benefit Return ("T1") for the first time. This learning unit is designed to follow Paul and his friends as he prepares to file his first tax return and answers Paul's questions and advises him on how to get help with any tax-related questions he may have.

The CRA program takes approximately 60 to 90 minutes to complete and is provided free of charge. It:

- Teaches you how to complete a simple tax return
- Teaches you about the tax system and your role in it
- Contains exercises and quizzes to test what you have learned.

The CRA program includes the following materials:

- Module 1: Basics of Taxation
- Module 2: The tax-filing process
- Module 3: Roles and responsibilities
- Module 4: How to complete a basic income tax and benefit return
- Definitions

You can download the CRA online registration form at:

[http://www.cra-arc.gc.ca/ebci/cjpr/extrnl/frms/lrnSrvy.do?actn=ld&ca.gc.cra.cjtr.japps\\_commons.LANG=en](http://www.cra-arc.gc.ca/ebci/cjpr/extrnl/frms/lrnSrvy.do?actn=ld&ca.gc.cra.cjtr.japps_commons.LANG=en)

### **Filing your 2016 Income Tax Return**

In 2017, when you are ready to file your 2016 T1 return, several options are available to assist you.

- You can purchase a tax preparation software package provided by a number of reputable software vendors, enter your data and then submit a printed return to CRA. Because this is your first year to file an income tax return, you are ineligible to NETFILE your return on the internet. In your first year, you must file a printed copy of your return with tax slips attached. Keep your receipts (e.g. rent, medical expenses) in case CRA asks you to submit them to substantiate your claim. OR
- You can engage the services of a professional tax preparation service that will gather your tax forms and receipts and prepare your return for you, for a fee (typically \$50-75).
- The income tax return for a new arrival is generally very simple and easy to do by you so the use of a tax preparation service is not necessary.

# **Important Personal Income Tax Information and Tips for 2016 New Arrivals in Canada when filing your 2016 Income Tax Return**

**Prepared by: Gerry O' Connor**

**Effective: January 1, 2017**

---

## **RECOMMENDATION**

- I recommend that you purchase the TURBOTAX software product to calculate your taxes. (<http://turbotax.intuit.ca/personal-tax-software/online-tax-software.jsp>). It is a simple, reliable and widely-used software product available online or in most technology stores (e.g. Staples; Future Shop; Best Buy). All you need is the basic Standard version which costs approximately \$20. The version for 2016 taxes is normally available online and in the stores before the end of January, 2017.
- The tax slip (e.g. T4; T4A etc.) which you receive from your employer after January 1, 2017 contains a number of numbered boxes with a dollar amount in each box. Simply enter this dollar amount into the corresponding tax slip and box number in the tax slip data entry window. The software automatically calculates both your Federal and Provincial income taxes payable or any income tax refund that is due to you.
- For most new arrivals, your Taxable Income is low in your first year. As a general guideline, you will receive a refund of all or a portion of the taxes deducted from your pay in 2016. Taxes payable and refund eligibility is pro-rated from the date you entered Canada.
- TURBOTAX does all the calculations for you.

## **T4 TAX SLIP**

If you were employed in 2016, early in 2017 each employer will mail you a T4 tax slip to the last address you provided to that employer. The employer is obligated to mail T4 tax slips prior to March 1, 2017. The T4 tax slip reports your employment earnings earned during the 2016 calendar year plus all statutory deductions taken from your earnings (e.g. income tax; Canada Pension Plan deductions; employment insurance premiums; union dues etc.). Concurrently, the employer reports the same information to CRA.

## **TAX TIP #1: YOUR MAILING ADDRESS**

In respect of any company or organization in which you were employed during 2016, provide the company's Payroll Manager with written notification of your current address or the address that you will be living during the period January 1, 2017 – April 30, 2017. If you are not sure where you will be living during that period, provide an address where you are sure your T4 tax slips can be safely delivered and collected. This is important because you will need your T4 slip(s) in order to submit an accurate T1. More important, you may be entitled to a tax refund and/or a refund of contributions paid so taking steps to ensure that the tax slips are safely delivered to you can generate income for you.

**Important Personal Income Tax Information and Tips for 2016 New Arrivals in  
Canada when filing your 2016 Income Tax Return**  
**Prepared by: Gerry O' Connor**  
**Effective: January 1, 2017**

---

## **INDIVIDUAL TAXATION RETURN ("T1")**

**You are obligated to file a T1 with Canada Revenue Agency on, or before, April 30, 2017.** CRA will then match the information you report with the information provided by employers. Note that if there is a discrepancy, CRA will contact you.

### **TAX TIP #2: EARLY FILING**

Once you receive all of your 2016 tax slips, if you determine that you are eligible for a tax refund, you can submit your T1 immediately and receive an earlier refund, rather than waiting until April 30.

### **TAX TIP #3: RENT RECEIPTS**

**Rent paid during 2016 is tax deductible in Ontario and Manitoba only.** If you lived in these provinces during 2016 and paid rent, make sure to obtain a tax receipt from your landlord. This receipt should clearly state the full address of the rental location; the rental period and the amount paid. The receipt should also specify the landlord's full mailing address if different from the rental location. You must deduct any amount paid for meals, if included in your rent. If the landlord mails the receipt, make sure you provide a current address for delivery and collection.

### **Supporting documents**

When filing your paper income tax return, do not send any rent documents. Keep all your documents in case CRA asks to see them at a later date.

### **TAX TIP #4: MEDICAL EXPENSES**

In order to claim medical expenses, your total net expenses (i.e. medical expenses not reimbursed by your insurance company) must be more than 3% of your net income or \$2,052, whichever is less.

The following is a list of the more common medical expenses that you can claim, provided you were not reimbursed for them. If your employer or a private insurance or drug plan paid a percentage of the expenses, you can claim the remaining portion that you paid. Many Irish-born people are allergic to gluten. In order to claim for a gluten allergy, you must provide CRA with appropriate certification. You can claim the excess cost of gluten-free products over regular products.

- payments to a medical doctor, dentist, nurse, or certain other medical professionals, or to a public or licensed private hospital;
- payments for prescription medicines and drugs;
- dental services (including x-rays, fillings, extractions, oral surgery, dentures, and tooth straightening);

## Important Personal Income Tax Information and Tips for 2016 New Arrivals in Canada when filing your 2016 Income Tax Return

Prepared by: Gerry O' Connor

Effective: January 1, 2017

---

- prescription eyeglasses, prescription contact lenses, laser eye surgery;
- ambulance charges to or from hospital;
- premiums paid to private or non-government health services plans (other than those paid by an employer);
- artificial limbs, aids, and other devices and equipment (including artificial eyes and limbs, iron lung, a rocking bed for poliomyelitis victims, wheelchairs, crutches, spinal braces, a brace for a limb, ileostomy or colostomy pads, a truss for a hernia, laryngeal speaking aids, hearing aids, pacemakers, an artificial kidney machine, and certain prescription medical devices;
- repairs to and replacement batteries for the above;
- laboratory tests;
- hospital services (including anesthesia, oxygen masks/tents, vaccines, and x-rays);
- amounts paid for attendant care, or care in an establishment, provided no one claimed the disability amount for the person receiving the care;
- cost of diabetic testing supplies;
- incremental cost of gluten-free food (compared to the cost of non-gluten-free food) if required due to celiac disease; and
- reasonable travel expenses (such as meals and accommodation), if medical treatment was not available locally.

The following restrictions apply to medical expense claims:

- Medical expenses must fall within a 12-month claim period that ends in 2016 (the current tax year). You can carry forward unclaimed medical expenses **only if** they occur within a 12-month claim period that ends in the tax year in which you claim them.
- You cannot claim medical expenses incurred after the end of the tax year (for example, early in 2017). The claim period must end in the 2016 tax year.

### Supporting documents

When filing your paper income tax return, do not send any medical expense documents. Keep all your documents in case CRA asks to see them at a later date.

### TAX TIP #5: MOVING EXPENSES

Generally, you can deduct moving expenses **you paid in Canada** in 2016 if **both** of the following apply:

- You moved to work, or to run a business, or you moved to study courses as a student in full-time attendance enrolled in a post-secondary program at a university, college, or other educational institution.
- You moved at least 40 kilometres closer to your new work or school.

**Important Personal Income Tax Information and Tips for 2016 New Arrivals in  
Canada when filing your 2016 Income Tax Return**  
**Prepared by: Gerry O' Connor**  
**Effective: January 1, 2017**

---

**Note:**

CRA says:

"If you moved before 2016 but could not claim all your expenses on your return for that year or later, you may be able to claim the remaining expenses on your return for 2016.

In addition, if you pay expenses after the year of your move, you may be able to claim them on your return for the year you pay them. You can carry forward unused amounts until you have enough income to claim them.

Your deduction is limited to the amount of net eligible income you earned at the new location. Also, you cannot deduct moving expenses against certain non-taxable scholarship, fellowship, bursary, prize, and research grant income.

For more information, and to calculate how much you can deduct, get Form T1-M, *Moving Expenses Deduction*, by going to [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms), or by calling 1-800-959-2221. If you move, let CRA know your new address as soon as possible.

**Supporting documents**

When filing your paper income tax return, do not send any moving expense documents. Keep all your documents in case CRA asks to see them at a later date.

**TAX TIP #6: UNION, PROFESSIONAL OR LIKE DUES**

You can claim the following amounts **related to your employment** that you paid (or that were paid for you and reported as income) in the year:

- annual dues for membership in a trade union or an association of public servants;
- professional board dues required under provincial or territorial law;
- professional or malpractice liability insurance premiums or professional membership dues required to keep a professional status recognized by law.

Annual membership dues do not include initiation fees, licences, special assessments, or charges for anything other than the organization's ordinary operating costs. You cannot claim charges for pension plans as membership dues, even if your receipts show them as dues. For more information, see interpretation bulletins IT-103, *Dues paid to a union or to a parity or advisory committee*, and IT-158, *Employees' professional membership dues*.

The amount shown in box 44 of your T4 slips, or on your receipts, includes any GST/HST you paid.

You may be eligible for a rebate of any GST/HST you paid as part of your dues.

**Important Personal Income Tax Information and Tips for 2016 New Arrivals in  
Canada when filing your 2016 Income Tax Return**  
**Prepared by: Gerry O' Connor**  
**Effective: January 1, 2017**

---

### **Supporting documents**

When filing your paper income tax return, do not send any union or professional or like dues documents. Keep all your documents in case CRA asks to see them at a later date.

### **TAX TIP #7: INTEREST INCOME**

Your financial institution will mail you a T5 slip (Statement of Investment Income) that reports all 2016 interest income. You then include this data in your T1.

### **TAX TIP #8: PUBLIC TRANSIT**

#### *General Income Tax and Benefit Guide*

You can claim the cost of monthly public transit passes or passes of longer duration such as an annual pass for travel within Canada on public transit for 2016. These passes must permit unlimited travel on local buses, streetcars, subways, commuter trains or buses, and local ferries.

You can also claim the cost of shorter duration passes if each pass entitles you to unlimited travel for an uninterrupted period of at least 5 days and you purchase enough of these passes so that you are entitled to unlimited travel for at least 20 days in any 28-day period.

You can claim the cost of electronic payment cards when used to make at least 32 one-way trips during an uninterrupted period not exceeding 31 days.

Only you or your spouse or common-law partner can claim the cost of transit passes (to the extent that these amounts have not already been claimed) for:

- yourself;
- your spouse's or common-law partner; and
- your child (or the children of your spouse or common-law partner) who were under 19 years of age on December 31, 2016.
- **Reimbursement of an eligible expense** - You can only claim the part of the amount for which you have not been or will not be reimbursed. However, you can claim the full amount if the reimbursement is reported as income (such as a benefit shown on a T4 slip) and you did not deduct the reimbursement anywhere else on your return.

### **Supporting documents**

When filing your paper income tax return, do not send any public transit cards or documents. Keep all your documents in case CRA asks to see them at a later date.

**Important Personal Income Tax Information and Tips for 2016 New Arrivals in  
Canada when filing your 2016 Income Tax Return  
Prepared by: Gerry O' Connor  
Effective: January 1, 2017**

---

**TAX TIP #9: OWN RENTAL PROPERTY IN IRELAND?**

A Reciprocal Tax Agreement ("RTA") exists between Ireland and Canada. In the year of your arrival in Canada, you are not required to declare rental income received in Ireland. However, when filing your second income tax return in Canada, you must include rental income received in Ireland as Income on your Canadian tax return. The theory is that, in Canada, world income is taxable. The RTA will ensure that you are not taxed twice in both jurisdictions. This is a situation where you should definitely consult a tax professional.

**Gerry O' Connor  
January 6, 2017**