

Personal Taxprep

Release Notes

Personal Taxprep 2016 .v.5.0

T1/TP1

Contents

Modifications Made to Version 5.0.....	1
Tax Modifications.....	1
About	2
Rolling Forward Preparer Profiles	4
TaxprepConnect for the 2016 tax season	4
Improve Your Productivity	5
Modifications Made to Version 4.0.....	5
Modifications Made to Forms	5
Corrected Calculations	7
Modifications Made to Version 3.0.....	7
Modifications Made to Forms	7
Corrected Calculations	8
Modifications Made to Version 2.0.....	8
What's New?.....	8
Forms, Schedules, and Workcharts Added to the Program	8
Modifications Made to Forms	9
Forms Removed	11
Corrected Calculations	11
Electronic Filing	11
Modifications related to EFILE	11
Roll Forward.....	13
Modifications Made to Version 1.0.....	14
What's New?.....	14
Forms, Schedules, and Workcharts Added to the Program	14
Modifications Made to Forms	15
Forms Removed	21
Technical Information	21
Technical Changes.....	21
Where to Find Help	22
Taxprep e-Bulletin	22
How to Reach Us.....	22

Modifications Made to Version 5.0

Tax Modifications

The modifications made to version 5.0 only relate to tax rates and the addition of extra calculations. The 2017 federal and provincial government tax rates have been included to help you forecast your clients' tax situation for the next taxation year (with the Planner mode).

Federal

RC59X – Cancel Business Consent or Delegated Authority (Jump Code: RC59X)

This new form allows you to cancel the business consent, which was previously found in Form RC59, and that has been removed from the form at the time the latter was updated.

In the client letter, Form RC59X now appears among the list of forms to sign when it is applicable.

RC59 – Business Consent (Jump Code: RC59)

Part 4 has been removed from the form; it is now in new Form RC59X, *Cancel Business Consent or Delegated Authority* (Jump Code: RC59X). When opening a client file prepared with a prior version of *Personal Taxprep* in which Part 4 had been completed, the information that was entered in the parts relating to the business information, the cancellation and the certification will be transferred to Form RC59X.

Part 2 b), "Authorize online access (includes access by telephone and mail)," has also been removed from the form. When opening a client file prepared with a prior version of *Personal Taxprep*, the information that was entered in this part will not be retained, but all of the information from the other parts that can be retained will be retained.

Preparer Profiles

Authorization forms tab

As a result of the update of Form RC59, several fields and check boxes have been removed, and a check box has been added.

The following fields and boxes that were in the “RC59 - Business consent form” section have been removed:

- Box **Authorize online access (includes access by telephone and mail)**;
- Fields “RepID,” “First name” and “Last name”;
- Fields “Business Number (BN)” and “Name of the business associated to the business number (BN)”;
- Fields “GroupID” and “Name of the group associated to the GroupID.”

In addition, the check box **All program accounts** has been added to this section. When this box is selected, the program will select the corresponding box in Form RC59.

Note that this box will be selected by default if you create a new preparer profile.

End of the eligible property regime and replacement by the new CCA class 14.1

On January 1, 2017, the eligible property regime has been replaced by the new class 14.1 for purposes of the capital cost allowance (CCA), and this change comes with transitional measures.

Before that date, eligible capital expenditures were added to the cumulative eligible capital based on a 75% inclusion rate and were depreciated to a 7% rate. Under the new regime, eligible property acquired after January 1, 2017, will be added to class 14.1 based on a 100% inclusion rate and will be depreciated to a 5% rate.

Class 14.1 and the related transitional rules will be integrated into *Personal Taxprep 2017 v.1.0*. No modification relating to class 14.1 has been implemented in version 2016 5.0 of *Personal Taxprep*.

Schedule 11 – Tuition, Education, and Textbook Amounts (Jump Code: 11)

Commencing on January 1, 2017, full-time and part-time students can no longer claim the education and textbook amounts. However, for the 2017 taxation year and subsequent taxation years, it will be possible to claim the unused portion of these amounts that are from prior taxation years. Note that the tuition tax credit is retained.

Schedule 11 reflects this modification when the Planner mode is used or when an “early-filed” return is

prepared (see the “Improve Your Productivity” section).

The provinces of New Brunswick and Ontario have also made modifications to the education and textbook amounts for 2017 (see the precisions regarding this topic in the “Modifications Made to Version 5.0” section, under the emblem of these provinces).



Planner Mode – Processing charitable donations in Québec (Jump Code: QDONS)

The tax legislation has been modified for the 2017 taxation year with the result that the tax credit for charitable donations and other donations is increased for individuals whose marginal tax rate is more than 24%.

The maximum amount that these individuals will be able to claim for charitable donations will be equal to the total of the following amounts:

- 20% of the lesser between \$200 and the total of the individual’s eligible donations;
- 25.75% of the lesser of the following amounts:
 - the portion of the individual’s eligible donations over \$200;
 - the portion of the individual’s taxable income over the fourth income tax bracket that applies to individuals, i.e. \$103,915 in 2017;
- 24% of the portion of the individual’s eligible donations over \$200 and the amount of the donations to which the 25.75% rate applies.

This modification has been integrated into *Personal Taxprep 2016 v.5.0*. Note that the QDONS form reflects this change only when the Planner mode is used and the modifications have not been implemented for “early-filed” returns.



Schedule ON(S11) – Provincial Tuition and Education Amounts (Jump Code: ON S11)

For 2017, an Ontario student will be able to claim the tuition tax credit for tuition fees paid for studies until September 4, 2017, inclusively and will be able to claim the education amount for months of studies before September 2017.

The Schedule ON(S11) form has however not been modified, as the tuition tax credit and the education amount are not eliminated for all of 2017.

T2203 Section ON428MJ – Ontario tax (Jump Code: MJ ON 428)

Ontario surtax

As of January 1, 2017, the calculation of the Ontario surtax is modified for taxpayers in multiple-jurisdiction situations. The gross tax amount used for purposes of this calculation must now be determined as if 100 % of incomes were allocated to Ontario, and the percentage of income allocated to Ontario must be applied to the surtax thereafter.

Form T2203 Section ON428MJ reflects this modification when the Planner mode is used or when an “early-filed” return is prepared (see the “Improve Your Productivity” section).

Ontario tax reduction

As of January 1, 2017, the calculation of the Ontario tax reduction is modified for residents of Ontario in multiple-jurisdiction situations. For these taxpayers, each of the components (basic reduction, reduction for dependent children born in 1999 or later and reduction for dependants with a mental or physical infirmity) must now be multiplied by the percentage of income allocated to Ontario.

Form T2203 Section ON428MJ reflects this modification when the Planner mode is used or when an “early-filed” return is prepared (see the “Improve Your Productivity” section).

Alberta

GSTC – Goods and Services Tax Credit (Jump Code: GSTC)

The Alberta climate leadership adjustment rebate (ACLAR) is a tax-free amount paid to low and middle income individuals and families. It is intended to help households adjust to the new provincial carbon price.

The first payment to qualifying individuals and families was made on January 5, 2017.

For July 2017 to June 2018, an individual may be entitled to receive:

- \$250 if he or she is a single individual with no children;
- \$375 if he or she has a spouse or common-law partner;
- \$375 if he or she does not have a spouse or common-law partner, but has full custody of an eligible child; and
- \$37.50 per additional child under 18 years of age (to a maximum of 4 children)

For single individuals with no children, the rebate is reduced by 2.67% of the portion of the adjusted family net income over \$47,500. For families, the credit is reduced by 4.0% of the portion of the adjusted family net income over \$95,000.

Payments are made in July, October, January and April separately from the GST/HST credit payments.

This program is entirely funded by the Alberta government.

New Brunswick

Schedule NB(S11) – Provincial Tuition and Education Amounts (Jump Code: NB S11)

Since January 1, 2017, the New Brunswick tuition tax credit and the education amount are no longer available. However, for the 2017 taxation year and subsequent taxation years, it will be possible, like at the federal level, to claim any unused portion of the tuition tax credit and the education amount from prior years.

The Schedule NB(S11) form reflects this modification when the Planner mode is used or when an “early-filed” return is prepared (see the “Improve Your Productivity” section).

About

Personal Taxprep 2016 v.5.0 contains the forms released by the Canada Revenue Agency (CRA) and *Revenu Québec* (RQ) for the 2016 taxation year. This version of *Personal Taxprep* was updated in order to integrate the most recent tax measures pursuant to the 2016 taxation year.

This version is approved for:

- Paper filing;
- EFILE;
- Electronic filing of Form T1013;
- Electronic filing of Form T1135;
- Electronic filing of pre-authorized debit agreements
- Electronic filing of amended T1 returns
- Electronic filing of returns in multiple-jurisdiction situations
- Using the *Auto-fill T1 return* (AFR) service (TaxprepConnect functionality);
- Printing the 2D bar code (printed on the federal and Québec returns as well as on Form T1013);
- Electronic filing via NetFile Québec.

Rolling Forward Preparer Profiles

Once your preparer profiles from last year are rolled forward to the current year, it is important to verify that the options defined with respect to the returns of your clients and to the electronic filing of data (EFILE) still correspond to your situation for the current season. For more information on the new options offered in the preparer profiles of the current version, please refer to the "[Modifications Made to Forms](#)" section.

TaxprepConnect for the 2016 tax season

Important dates



Federal

February 13, 2017 - The *Auto-fill T1 return* service will open. The CRA tax data has been available for download using TaxprepConnect since version 2.0 of *Personal Taxprep 2016*. This year, the list of information relating to income tax will be enhanced to include:

- data on the T1204 slip, data on the PRPP receipts and data for the Manitoba Rent Assist (formerly the Manitoba Shelter Allowance for elderly renters);
- the amount of unused net capital losses;
- new indicators in the "Client Data Enquiry (CDE)" section.



Québec

March 2, 2017 - The *Tax Data Download* service will open. The *Revenu Québec* tax data has been available for download using TaxprepConnect since version 3.0 of *Personal Taxprep 2016*.

Auto-fill T1 return – Downloading prior-year data

Since February 13, 2017, the 2015 tax data has been available for download using the *Personal Taxprep 2015* program for 2015 returns.

Data of additional taxation years will gradually be made available by the CRA up to the three prior years (in addition to the current-year data).

Note that only slips from the 2015 taxation year will be available for download into the 2015 tax returns. Other data, including instalments, RRSP room contributions and roll forward balances, will not be available for download. Therefore, using AFR for a 2015 tax return that already contained downloaded 2015 data is not recommended, as any other data previously downloaded could be overwritten with zeros if a subsequent download is made.

Addition of the TaxprepConnect tab in the preparer profiles

A tab relating to the download with the TaxprepConnect functionality has been added to provide the following options:

- manage the transfer of the downloaded T3/RL-16 slips, T5/RL-3 slips and T5008 slips;
- use the new *T3 Slips Reconciliation* form.

Note that these options are not selected by default in the preparer profiles.

T3 Slips Reconciliation (Jump Code: CONNECT T3 REC)

This new form has been designed to aggregate multiple T3 slips and/or RL-16 slips downloaded in a single copy for purposes of making the reconciliation with copies of Form T3, *Statement of Trust Income*, already present in the return, or with the aggregated T3 slips and/or RL-16 slips that are issued by a securities broker or a pooled investment funds company.

Detecting the changes between two downloads

It is now possible to detect the differences between two downloads using the following statuses:

- if a slip and/or data was not available during the previous download and this slip and/or data is now available, the "New" status will be assigned;
- if a slip and/or data was modified, the "Amended" status will be assigned;
- if an already downloaded slip and/or data is no longer available, the "Not available" status will be assigned.

In addition the review marks and attached notes will be retained after subsequent downloads.

Note that these changes do not relate to non-capital losses and for the "Client Data Enquiry (CDE)" section, because this data is for information purposes only.

Cumulative columns

A cumulative column has been added to Forms *Details of the Downloaded Slip* relating to T5 slips (Jump Code: **CONNECT T5**) and RL-3 slips (Jump Code: **CONNECT RL3**) to display the total amounts downloaded for each box.

In addition, new cumulative columns relating to the gross total amounts contained in the return have been added to Forms *Details of the Downloaded Slip* relating to T5 slips (Jump Code: **CONNECT T5**), T3 slips (Jump Code: **CONNECT T3**) and T5008 slips (Jump Code: **CONNECT T5008**), as well as the equivalent Québec slips, to make it easier to identify the differences

between the downloaded amounts and the amounts contained in the return.

New option to hide the slips

It is now possible to hide all of the T3 slips and RL-16 slips, T5 slips and RL-3 slips or T5008 slips to make it easier to review downloaded data in Form *TaxprepConnect Download* (Jump Code: **CONNECT**).

Improve Your Productivity

Federal

Early-filed returns

The calculation of pre-bankruptcy returns and the returns of deceased persons for the year following the year of the program (early-filed returns) has been modified. *Taxprep* now uses the tax rates, deductions and the tax credits of the next year to calculate these returns. These rates correspond to the rates used to calculate the Planner mode returns. Therefore, if you prepare the 2017 return of a person deceased in 2017 with a 2016 version of *Taxprep*, the rates used in the calculations will be the rates for 2017 that were known on the date of this version release. The taxation year indicated on Forms T1 General Condensed, *Income Tax and benefit return* (Jump Code: **J CONDENSED**) and *Keying summary* (Jump Codes: **Q80 TPFY**, **Q128 TPFY**, **Q1029.RV TPFZ** and **TPF1W**) will be modified when you prepare an early-filed return.

The CRA and *Revenu Québec* confirmed that this is correct and that the returns concerned would be assessed using known rates for the applicable taxation year. Note that these returns cannot be electronically filed and have to be manually processed by the government, resulting in much longer processing times.

To prepare a 2017 return, modify the taxation year on Form *Rates Federal - Tables of Rates and Values Used in the Return* (Jump Code: **RATES FED**) using an override.

ID – Identification and Other Client Information (Jump Code: ID)

The “User-defined cells for reporting purposes” section has been modified. “Instruction” fields have been added to this section above each “Description” field. You will be able to define the values in these fields for all your client files, whether they are new or existing, in the preparer profile you are using.

Preparer Profiles

PROFILE tab

The preparer profiles have been modified so you can optimize the tax credits for donations in all coupled spousal or common-law partners’ returns. The following new options allow you to make an election for all client files:

- Optimize the donations tax credits claimed by the couple by combining all of the amounts of donations entered in the **DONATIONS** forms of the taxpayer and the spouse;
- Transfer the amount of donations made in the current year by the spouse into the taxpayer’s **DONATIONS** form to calculate the donations tax credit for taxpayer.

Note that these options are not selected by default in the preparer profiles.

Corrected Calculations

The following problems have been corrected in version 2016 5.0:

- TP-1029.BF - Tax relief claimed on line 460 of the TP1 return refused by *Revenu Québec* when the individual is not eligible for the tax credits respecting the work premium
- LOSSC - Display of diagnostic N1563 when no download has been performed with the *TaxprepConnect* functionality

Modifications Made to Version 4.0

Modifications Made to Forms

Federal

Transmission – Multiple Jurisdictions

The taxpayers’ returns in multiple-jurisdiction situations can now be electronically filed, with version 4.0 of *Personal Taxprep 2016*.

Principal residence – diagnostic and paragraph in the client letter

The display conditions of the following diagnostic have been modified so that the diagnostic also displays for new client files:

“Schedule 3 - Indicate in the ID form if taxpayer disposed of a property for which he or she claims the total or partial principal residence exemption. If applicable, complete the "Principal residence" section of Schedule 3.”

In prior versions, this diagnostic only displayed for rolled forward client files in which the address had been modified in 2016.

Also, in the client letter, the note indicating that the taxpayer has not disposed of a principal residence is now included if no information is entered in the "Principal residence designation" section in Schedule 3, and the box **Include the paragraph indicating that the taxpayer did not dispose of a principal residence** is selected in the **Client Letter** tab of the preparer profile used.

Preparer Profiles

BILL tab

An option has been added in *Personal Taxprep 2016 v.4.0*. You will now be able to choose to apply an administration fee to invoices using either as a percentage of the invoice or a fixed amount.

If this option is enabled in the preparer profile used, an administration fee amount will be added to the detailed invoice and the customized invoice for all your client files.

Client Letters

EFILE-related letters

The paragraph relating to the pre-authorized debit agreement for the balance due payment has been modified. The paragraph will now also display when the status of the pre-authorized debit agreement is "Eligible."



Modifications introduced in the 2017-2018 Budget, tabled March 28, 2017

Health Contribution (Jump Code: Q448)

In its budget tabled on March 28, 2017, the Québec government announced that the health contribution has been abolished retroactively beginning with the 2016 year for all taxpayers 18 years of age or older whose income for that year was under \$134,095. Taxpayers with income over \$134,095 for 2016 will have to pay, unless exempt, a health contribution equal to the lesser of the following amounts: \$1,000 or 4% of their income in excess of \$134,095.

This change has been integrated into version 4.0 of *Personal Taxprep 2016*. *Revenu Québec* has announced that all returns that have been already filed would be adjusted in order to take this measure into account. New notices of assessment will be sent to all taxpayers with returns assessed under the previous measures no later than June 30, 2017.

General tax reduction and simplification of the calculation of non-refundable tax credits

The general tax reduction announced by the Québec government has been integrated to the Planner mode in version 4.0 of *Personal Taxprep 2016*. This measure takes the form of a basic personal tax credit increase, which increases from \$2,327 to \$2,382 (\$11,910 multiplied by 20%).

In addition, the rate used to calculate the non-refundable tax credits has been decreased from 20% to 16% for 2017. The purpose of this modification is to standardize the Québec legislation with the federal legislation and that of other provinces and territories, which use, to calculate the non-refundable tax credits, the rate applicable to the first income tax bracket. Because this change does not modify in any way the value of the non-refundable tax credits for 2017, it has not been integrated to the Planner mode.



PROV BEN – Provincial or Territorial Benefit Worksheet (Jump Code: PROV BEN)

In its 2017-2018 Budget, the Alberta government announced that the benefit amounts would be indexed by 1.3%, as will the phase-out thresholds used to calculate the Alberta Family Employment Tax Credit and the Alberta Child Benefit for the 2017-2018 benefit year.

These modifications have been integrated into Form PROV BEN in version 4.0 of *Personal Taxprep 2016* and will be effective for payments beginning in July 2017.



Measures introduced in the 2017-2018 Saskatchewan Budget, tabled on March 22, 2017:

Provincial sales tax

The provincial sales tax (PST) rate has been raised by one percentage point, from 5% to 6%. This measure is effective March 23, 2017.

Saskatchewan Low-Income Tax Credit (GST)

The amount of the maximum basic adult, spousal/equivalent and eligible dependant components has been increased from \$246 to \$346. The amount of the child component has also been increased, from \$96 to \$136, to a maximum of \$272 per family. Finally, the benefit clawback rate has been increased from 2.0% to 2.75%. These measures are effective with the payments that will be made, beginning on July 1, 2017.

RC71 - Statement of Discounting Transaction (Jump Code: RC71)

The PST rate applicable to Saskatchewan has been changed to 6%. The maximum PST that can be charged on a discounting transaction is now \$1.80.

Corrected Calculations

The following problems have been corrected in this release:

- Line 448 of the TP1 return - Health contribution
- TaxprepConnect Download - Partial download of the CRA and/or RQ data and unable to transfer the downloaded data (new data download required)
- TaxprepConnect Download - Differences unreported by diagnostic N1563 when no amount is downloaded for a year and amounts are in Form LOSSC and/or Form T657 for that year
- T1135 - Form not eligible for electronic transmission purposes because of diagnostic M209 when section 7 in Part B is completed

Modifications Made to Version 3.0**Modifications Made to Forms****Federal****RC59 – Business Content (Jump Code: RC59)**

Note that the version of Form RC59 included in *Personal Taxprep 2016 v.3.0* will no longer be valid with the CRA after May 15, 2017. The new version of this form will be available in version 2016 v.5.0 (Planner version) of *Personal Taxprep*, which will be released at the beginning of June.

If you are using **online access to tax information**, note that after May 15, Form RC59 will no longer be used to authorize this access.

To **get online access** to the information of a client's business, you should complete the authorization request, through the *Represent a client* service, to request online access to tax information for a business. For more information, consult the CRA Web site at <http://www.cra-arc.gc.ca/nwsrm/txtps/2017/tt170110-eng.html>.

The new version of Form RC59 will be integrated to *Personal Taxprep* when it is released by the CRA.

Client Letter Worksheet (Jump Code: LW)

The option **Include the paragraph indicating that the taxpayer did not dispose of a principal residence** has been added to the "Client letter information from preparer profile" section of the form. This new option allows you to include in client letters a note indicating that the taxpayer did not dispose of a principal residence in the 2016 taxation year.

You can select this option for all of your client files in the preparer profile that you are using. For more information, consult the "Preparer Profiles" section below.

Preparer ProfilesCLIENT LETTER tab

In the "Additional information" section, the option **Include the paragraph indicating that the taxpayer did not dispose of a principal residence** has been added. This new option allows you to make a choice for all of your client files. When selected, a note indicating that the taxpayer did not dispose of a principal residence in the 2016 taxation year is added in the client letters.

T183 – Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return (Jump Code: T183)

Two options have been added to the section relating to the pre-authorized debit. The first allows you to use, for purposes of the pre-authorized debit, the same banking information as for direct deposit. The second allows you to indicate that the taxpayer wants to make a payment corresponding to the balance owing indicated on line 485 of the T1 return through the pre-authorized debit.

If you select these boxes, the banking information and/or the pre-authorized debit amount will automatically update to Form T183. Note that because the DD form includes several lines that can contain banking information, the transferred banking information will be the information shown on the first entirely completed line of the DD form.

**Québec****TP1 Line 391 – Tax Credit for Workers 64 or Older (Jump Code: Q391)**

Starting in 2016, work income received from an employer with whom the taxpayer is not dealing at arm's length must be excluded from the calculation of the eligible work income, which is presented on line 1 of Form TP1 Line 391. If the employer is a partnership, the non-arm's length means the relationship between a member of the partnership and the taxpayer. For example, incorporated contractors who control their corporation and who pay themselves a salary cannot

include this salary in the calculation of the tax credit for workers 64 or older.

The line *Work income received from an employer with whom you are not dealing at arm's length (and that is included on line 1)* has been added to Form TP1 Line 391 so that you can indicate the work income that has been earned from an employer with whom the taxpayer is not dealing at arm's length.

Schedule B - Tax Relief Measures (Jump Code: QB)

On February 22, 2017, the Minister of Finance of Québec announced that the age of eligibility for the age amount would be maintained to 65 for the 2016 taxation year. This measure applies retroactively, coming into force on January 1, 2016. In accordance with this announcement, the age amount can now be claimed by any senior who is 65 years of age or older on December 31, 2016. Note that no action is required on your part as a result of this announcement. A new assessment will be automatically established by *Revenu Québec* for the income tax returns of taxpayers concerned filed with versions 1 and 2 of *Personal Taxprep 2016*.

Remember that the *Taxation Act* had been modified to integrate the measures announced as part of the Budget Speech 2015-2016, in order to gradually raise, as of the 2016 taxation year, the minimum age of eligibility for the age amount, reaching 70 years old in 2020.

Corrected Calculations

The following problems have been corrected in this release:

- Rolling forward income to the TP-1029.BF form of a dependant whose return is coupled
- Schedule B - Age amount
- NetFile Québec - Error code TPH00401 (return with no income)
- TP-1000 - Taxpayer's last name missing or different from the name indicated on the ID form

Modifications Made to Version 2.0

What's New?

T2091 – Designation of a Property as a Principal Residence by an Individual (Jump Code: 2091)

T1255 – Designation of a Property as a Principal Residence by the Legal Representative of a Deceased Individual (Jump Code: 1255)

As per a proposed modification, if the taxpayer disposed of his or her principal residence after October 2, 2016, and he or she was a non-resident throughout the year during which this residence was acquired, the taxpayer is not eligible for the additional year granted by law.

Forms, Schedules, and Workcharts Added to the Program



TP-726.30 – Income Averaging for Forest Producers (Jump Code: Q726.30)

For 2016 to 2020, a taxpayer can claim the averaging of part of his or her net income from certified commercial activities if, at the end of the year:

- he or she is a certified producer under the *Sustainable Forest Development Act* in respect of a private forest; or
- he or she is a member of a partnership that is such a producer at the end of the fiscal year ending in the year covered.

The averaging consists in:

- deducting, in the calculation of the taxpayer's taxable income, for each of the years 2016, 2017, 2018, 2019 and 2020, an amount not exceeding 85% of the lesser between the following amounts: \$200,000 and the net income for the year, including the taxpayer's share in the partnership's net income of which he or she is a member, if applicable; and
- including, in the calculation of the taxpayer's taxable income, for one or more than the seven years following the year during which the deduction has been granted, all or part of the amount deducted. The total amount deducted will have to have been included in the taxpayer's taxable income no later than the seventh year following the year during which the deduction has been granted.

The income-averaging deduction for a forest producer is presented at code 21 in the TP1 Line 297 worksheet.

Modifications Made to Forms

Federal

T3 – Statement of Trust Income (Jump Code: T3)

Previously specified in the space reserved for footnotes, the investment tax credit code numbers are now indicated in the new box 43 of the T3 slip. The appropriate number must be selected in the **Code number** drop-down list, which has been added to the data entry screen for this slip.

T5013 – Statement of Partnership Income (Jump Code: T5013)

Code 6, *Retired member paid under subsection 96(1.1)*, has been added to the drop-down list of box 002. This new code is the result of modifications made this year to the Guide T4068, *Guide for the Partnership Information Return*. By default, a partner for which code 6 is selected is considered as a non-active partner, and his or her self-employment income (loss) entered in boxes 116, 120 and 126 is reported in the workchart of line 122. When you request the transfer of the income entered in these boxes to Form T2125, the income calculated on this form is instead transferred to line 135, 137 or 139 of the return. Because these lines are used to report an active self-employment income, the taxpayer is then considered as being actively involved in the partnership business. Therefore, the taxpayer's self-employment income (loss) is included in the calculation of income earned for RRSP/PRPP purposes, childcare expenses, the disability support deduction and various provincial tax credits.

When code 6 is selected at box 002, the self-employment income (loss) is automatically excluded from the CCP benefits calculations. Starting this year, the amount in the box *Net self-employment income for a retired partner not subject to CPP* is automatically calculated using the information on the T5013 slip.

Boxes 6a-2, *Taxable amount of eligible dividends - Situated on a reserve or premises*, and 6a-3, *Taxable amount of eligible dividends - Split income of a minor*, of the RL-15 slip have been renumbered 6-2^b and 6-3^b.

Boxes 6b-2, *Taxable amount of dividends (other than eligible) - Situated on a reserve or premises* and 6b-3, *Taxable amount of dividends (other than eligible) - Split income of a minor* of the RL-15 slip have been renumbered 6-2^a and 6-3^a.

Boxes 202, *Capital gains used to calculate the alternative minimum tax - Property used in a business*, and 203, *Capital gains used to calculate the alternative minimum tax - Property used to earn income*, of the RL-15 slip, as well as the equivalent federal boxes have been deleted.

T2091 – Designation of a Property as a Principal Residence by an Individual (Jump Code: 2091); and

T1255 – Designation of a Property as a Principal Residence by the Legal Representative of a Deceased Individual (Jump Code: 1255)

Because these forms were under review in version 1.0 of *Personal Taxprep 2016*, when opening a client file prepared with this version in which entries had been made directly in Form T2091 or T1255, but in which no entry had been made in the "Designation of a property as a principal residence" section of Schedule 3, these entries will be deleted in order to prevent the creation of an empty copy of Form T2091 or T1255.

Deceased – Income Tax Returns for Deceased Persons (Jump Code: DECEASED)

On January 15, 2016, the Department of Finance released legislative proposals which modify the current tax system for certain trusts. Under these proposals, for 2016 and subsequent years, at the time of death of an alter ego trust's beneficiary, of a spousal or common-law partner trust's beneficiary or of a joint spousal or common-law partner trust's beneficiary, the income realized by the trust will be reported on the trust's T3 return rather than on the deceased beneficiary's final return, as was the case before. However, a joint election can be made by the trust and the legal representative administering the deceased beneficiary's estate to have the income included in the deceased beneficiary's final return, provided the following conditions are complied with:

- the beneficiary was a resident of Canada immediately before his or her death;
- the trust is a post-1971 spousal or common-law partner's testamentary trust created in the will of a taxpayer who died before 2017.

In order for the joint election to be valid, a letter must be written and sent to the deceased beneficiary's CRA's tax centre. The letter must contain the following information:

- the deceased beneficiary's social insurance number;
- the trust account number;

- the income amount (including any capital gain) allocated in the T3 slip and reported on the deceased beneficiary's final return; and
- the names, addresses and signatures of both the trustee and the legal representative.

Note that if the election under subsection 104(13.4) ITA is made for a beneficiary who resided in Québec immediately before his or her death, this choice is deemed to also have been made for the purposes of Québec tax legislation. A copy of the letter sent to the CRA must also be sent to *Revenu Québec*.

The line *Election under subsection 104(13.4) ITA with respect to a spousal or common-law partner trust* has been added to Form *Income Tax Returns for Deceased Persons* (Jump Code: DECEASED) to indicate that this election is made.



Schedule B, Tax Relief Measures (Jump Code: QB)

Note that in 2016, the age to be eligible from the credit increased from 65 to 66 years of age.

TP-76 – Residence Deduction for a Member of the Clergy or a Religious Order (Jump Code: Q76)

The value of the benefit respecting the residence or lodgings must now be entered on Form TP-76 if the taxpayer was offered free lodgings. In addition, if an allowance for a residence or lodgings has been paid to the taxpayer, the amount of this allowance should also be entered on Form TP-76.

TP-1029.8.33.6 – Tax Credit for an On-the-Job Training Period (Jump Code: Q1029.8.33.6)

Previously, the form had to be submitted to *Revenu Québec* no later than 12 months after the filing deadline of the return, if the taxpayer could not enclose this form with the return.

If the taxpayer cannot submit this form with the return, he or she must now submit it to *Revenu Québec* on or before the later of:

- the day that is 12 months after the filing deadline for the taxpayer's return for the taxation year concerned;
- the day that is three months after the day on which the certificate required to obtain the tax credit was issued.

Assistance QC – Refundable Tax Credit for Child Assistance (Jump Code: QASSISTANCE)

A new component has been added to the refundable tax credit for child assistance. It consists of the supplement for handicapped children with exceptional care needs. This supplement is intended to increase the

financial support granted to parents to help them provide for a child who has a serious illness or severe disabilities.

If the child already receives the supplement for handicapped children, he or she is not automatically eligible for the supplement for handicapped children with exceptional care needs. Only children who have severe and multiple disabilities or who require specified complex medical care at home based on established criteria are eligible for this additional assistance.

To indicate that a child is eligible for the new supplement, select the check box **Eligible for the supplement for handicapped children with exceptional care needs** in the "Mental or physical impairment" section of the *Family Profile* (Jump Code: FAM).

The amount paid is the same for all handicapped children requiring exceptional care needs recognized by *Retraite Québec*, regardless of the family income or the handicap. The annual amount granted is \$11,448. The payments for this new supplement will be calculated in Form Assistance QC.

MR-14A – Notice Before Distribution of the Property of a Succession (Jump Code: QMR 14A)

A section has been added to the form so that information on the liquidator(s) can be entered. The information required in Part 1, "Information about the liquidators," is the name, identification number, social insurance number, address and telephone number of the liquidator(s).

You also have to indicate whether a trust income tax return (Form TP-646) should be filed for the succession.

In Section 4.1, "Value of the property administered," you can now enter the value of the vehicle(s) of the deceased person.

Finally, note that you are no longer required to indicate the matrimonial regime and the status of the deceased person.

Newfoundland and Labrador

GSTC – Goods and Services Tax Credit (Jump Code: GSTC)

In its 2016 Budget, the Newfoundland and Labrador government announced that the harmonized sales tax credit would be replaced by the Newfoundland and Labrador Income Supplement and Seniors' Benefit. Therefore, the harmonized sales tax credit is no longer calculated in the GSTC form.

The Newfoundland and Labrador Income Supplement and Seniors' Benefit are non-taxable payments paid to

low-income individuals living alone, families and disabled persons susceptible to be eligible for other provincial tax benefits. The amount of the income supplement and the amount of the seniors' benefit are calculated based on the family situation and the adjusted family net income.

As part of these measures, individuals or families receive an amount of \$220 for an eligible taxpayer, \$60 for an eligible spouse or common-law partner, and \$200 for each child under the age of 19. Moreover, an additional amount of \$230 is paid for an eligible taxpayer. This additional amount is reduced when income exceeds \$15,000. A second reduction is applied against the total amount when the adjusted family net income exceeds \$30,000.

Individuals or families receive an amount of \$200 for a taxpayer eligible for the federal disability tax credit and an amount of \$200 for a spouse or common-law partner eligible for the federal disability tax credit. These amounts are reduced when the adjusted family net income exceeds \$29,402.

The program provides for an annual non-taxable amount of \$1,313 for persons living alone and who were age 65 or over at a particular time in the taxation year, as well as for married couples or in a common law union of which at least one of the spouses was age 65 or over at a particular moment in the taxation year. This amount is reduced when the adjusted family net income exceeds \$29,402.

The income supplement and the seniors' benefit will be combined with the quarterly payment of the federal GSTC/HST credit.

Northwest Territories

PROV BEN – Provincial or Territorial Benefit Worksheet (Jump Code: PROV BEN)

In its 2016-2017 Budget, the government of Northwest Territories proposed to enhance the Northwest Territories child benefit. It is expected that payments for this modified benefit will start in July 2017.

Following this announcement, the calculation of the Northwest Territories child benefit has been cancelled in this version of the program. This calculation will be updated when details of the modifications to this benefit are known.

Forms Removed

Québec

- Relevé 20 - Statement of Financial Assistance for Worker Training (Jump Code: QR20)

Corrected Calculations

The following problem has been corrected in version 2016 2.0:

- Customized filters and diagnostics templates – Conversion error

Electronic Filing

Modifications related to EFILE

The question *Is the taxpayer making a request under the CRA Voluntary Disclosures Program for this tax return (Form RC199)?* has been added to Form *Electronic Filing Worksheet*, (Jump Code: **EFILE**) to allow you to indicate if the taxpayer is making a voluntary disclosure with the CRA. If the answer to this question is “Yes,” the program will select the check box **At least one of the CRA’s exclusion criteria is applicable to this return of Form Electronic Filing Worksheet** (Jump Code: **EFILE**), as it is not mandatory to file the return electronically in this situation. For more information, consult the Help.

T1013 – Authorizing or Cancelling a Representative (Jump Code: 1013)

An electronic filing checklist has been added to this form. Displayed on screen only, this list will help you quickly determine what should be corrected to make a T1013 form eligible for electronic filing.

Personal Taxprep 2016 v.2.0 has been approved for electronic filing of the 2016 version of Form T1013 and for printing the related 2D bar code.

For more information on the electronic transmission of Form T1013, consult the Help.

Transmitting a pre-authorized debit (PAD) agreement

Personal Taxprep 2016 v.3.0 allows preparers to electronically transmit PAD agreements. Form T183 has been updated to allow you to enter the information required for the transmission of this agreement.

The CRA allows preparers to electronically transmit PAD agreements. The pre-authorized debit is an electronic payment self-service option that authorizes the CRA to debit a predetermined amount directly in a taxpayer’s bank account, at a specified date, to pay the income tax of this taxpayer. To transmit a PAD agreement, complete the section relating to the PAD in Form T183.

The PAD agreement is transmitted separately from the T1 return. However, in *Personal Taxprep*, the

electronic transmission feature of the PAD agreement has been implemented so you can transmit the T1 return (as well as the TP1 return, if applicable) and the PAD agreement at the same time.

Note that you can also transmit the returns without PAD agreements, and vice versa.

To transmit a PAD agreement once it is ready, use the command to transmit the federal returns, i.e. the **Transmit** command available from the **Transmission/EFILE** menu. Because you can transmit the PAD agreements, the returns and the T1135 forms at the same time, make sure that you select the returns, the forms and the PAD agreements that you want to transmit before going ahead with the transmission.

Once the PAD agreement is accepted, a paragraph will be included in the client letter to confirm that it was accepted by the CRA. This paragraph will also specify the amount that will be debited from the bank account as well as the date on which it will be debited.

It is possible to hide, on screen, the section relating to the PAD for all clients by clearing the check box **Display this part for all T183 forms** in the **EFILE** tab of the applicable preparer profile.

For more information on the electronic transmission of a PAD agreement, consult the Help with respect to the T183 form.

Transmitting Amended T1 Returns (ReFILE)

Personal Taxprep 2016 v.3.0 supports the electronic filing of amended T1 returns. This new service is called **ReFILE**.

The necessary changes have been implemented in Form T1-ADJ to take this new possibility into account. The question *Do you want to modify the T1 return of the taxpayer and retransmit it electronically?* has been added to the form.

With **ReFILE**, you are transmitting an entire T1 return that has been amended to reflect the desired changes. You are not electronically filing a T1-Adjustment form.

However, in *Personal Taxprep*, we are using the automatic T1-Adjustment feature as part of the **ReFILE** service so that you can review the lines that have changed in the return and ensure that only the desired changes have been made.

Therefore, the process involved in preparing an amended T1 return will be similar to the process already in place to automatically prepare an adjustment. It is recommended that you use a copy of the data file for the original return when preparing an amended return.

To electronically transmit an amended return, you must answer “Yes” in response to the question *Do you want to modify the T1 return of the taxpayer and retransmit it electronically?* at the top of Form T1-ADJ, *T1 Adjustment Request* (Jump Code: **T1ADJ**).

Once you respond yes to this question, the EFILE status of the return will no longer be “Accepted” and you can then modify the return to reflect the desired changes. Follow the steps on the T1-Adjustment form to electronically transmit an amended T1 return.

Depending on the nature of the changes requested, you may see some survey questions displayed on the Form T1-ADJ, *T1 Adjustment Request* with respect to the reason for the request. These questions are designed to provide the CRA with quantitative data concerning the reasons that adjustments are requested. However, answering these questions is optional. If you do answer the questions, the information provided will be transmitted to the CRA at the same time as the return.

The lines that have been changed in the return will be displayed on Form T1-ADJ as will the anticipated change to the refund or balance due. You will need to confirm that the changes indicated are correct in order to transmit the return.

You may want to print Form T1-ADJ for reference purposes and/or to provide to the client, but **the client does not need to sign Form T1-ADJ**.

Instead, your client will need to authorize the transmission by signing a new copy of Form T183, *Information Return for Electronic Filing and Individual’s Income Tax and Benefit Return*. On Form T183 (Jump Code: **T183**), *Taxprep* will select the new check box in Part C indicating that your client is authorizing you to transmit his or her return using the **ReFile** service. You can then print Form T183, have the client sign it, and retain the original signed copy to be provided upon request.

Once the client has provided authorization, you can transmit the return in the normal manner.

The confirmation number and date accepted will be recorded in both Form T1-ADJ, *T1 Adjustment Request* as well as in Form EFILE INFO, *EFILE Information* (Jump Code: **EFILE INFO**).

The EFILE exclusions that apply to transmitting original T1 returns also apply to transmitting amended returns. However, there are also some additional exclusions, including the exclusions that apply when using the *Change My Return* service via the *Represent a Client* portal. The EFILE diagnostics will identify amended returns that are not eligible for transmission.

Federal

Important dates

- **February 20, 2017** - The EFILE On-Line transmission system will open.
- **January 19, 2018** - The CRA will stop accepting electronically filed T1 returns.

Registration and Renewal On-line

To renew your EFILE privileges for this year's tax season, you must follow the instructions provided on the "Renewal" page on the CRA Web site at <http://www.efile.cra.gc.ca/l-rnwl-eng.html>.

To register as a new electronic filer, you must register online by completing the EFILE Registration On-Line form on the CRA Web site at <http://www.efile.cra.gc.ca/l-rgstr-eng.html>.

You will find more information concerning renewals and new applications at <http://www.efile.cra.gc.ca/>.

In order to be able to electronically file Form T1013, you must meet the following two criteria:

1. Have a valid EFILE number and password; and
2. Be a registered representative (online access).

A registered representative is a person who is registered with the CRA's *Represent a Client* service. To register with the service, go to <http://www.cra.gc.ca/representatives>.

T183 – Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return (Jump Code: T183)

The government allows you to download Notice of Assessments (NOA) into the client files of tax software once the assessment is processed. However, this feature is not available in *Personal Taxprep* this year.

When this service is used, the Notice of Assessment is no longer mailed to the individual. In addition, the electronic Notice of Assessment only becomes available for download after a period of approximately 24 hours.

Not using this service has no impact on the return's processing time or on your ability to access your client's Notice of Assessment through the *Represent a Client* service. In addition, you can always enclose a PDF of the Notice of Assessment with a *Taxprep* client file.

Note that starting this year, the CRA is providing new functionalities via the *Represent a Client* service. In particular, you will be able to know whether the returns filed for your clients have been assessed as filed or assessed with changes. The *Represent a Client* service will also allow you to identify clients that have

received a reassessment initiated by the CRA or a client-requested reassessment.

Québec

Important dates

- **February 20, 2017** - The NetFile Québec system will open.
- **February 20, 2017** - The Refund Info-line system will open.
- **January 19, 2018** - The NetFile Québec system will shut down.

NetFile Québec

- Tax preparers must register for *My Account for professional representatives* (available in French only), a secure space on RQ's Web site, if they have not already done so in the past. Note that renewal is automatic for persons who registered for this space in the past.
- Consult the page "*À qui s'adresse Mon dossier*" (available in French only) to see which profile applies to you and what actions you can perform online on behalf of a business or an individual.

Roll Forward

Rolling forward 2015 client files

Your 2015 client files must be rolled forward using the Roll Forward command on the File menu, or from the Client Manager, if you want to do a batch roll forward, before you can access them with this version.

Planner Files

You can roll forward client files in Planner Mode of version 2015.

Slips

The roll forward is performed only for copies of slips in which amounts were entered last year as well as for copies including balances to carry forward, or attached notes or schedules to roll forward.

Attached notes

The attached notes are rolled forward, except if this option is cleared in the roll forward data options.

Rolling Forward ProFile and DT Max client files (competitive products)

Make sure that the workstation's regional settings are set to "English (Canada or United-States)" before rolling forward.

Notes – Attached Notes Summary (Jump Code: ATTN)

Schedule – Attached Schedule with Total (Jump Code: ATTS)

When rolling forward client files, the attached notes or schedules attached to fields in the comparative summaries are now retained.

Modifications Made to Version 1.0

What's New?

Rolling forward TaxCycle 2015 files

It is now possible to roll forward files created with version 2015 of the TaxCycle software program.

To roll forward a TaxCycle 2015 file, choose *TaxCycle T1 (*.2015t1)* in the **Type of file** drop-down list, and select the files to roll forward.

You can also use the Client Manager to select the TaxCycle files to roll forward. To do so, use the command **Current View/Files to Roll Forward/TaxCycle T1 Files**.

TaxCycle is a registered trademark of Trilogy Software Inc.

Forms, Schedules, and Workcharts Added to the Program



Federal

Schedule 12 – Home Accessibility Expenses (Jump Code: 12)

For 2016, the CRA has introduced a new schedule to calculate the home accessibility tax credit. The credit calculated in this schedule is updated to line 398 of Schedule 1, *Federal Tax* (Jump Code: 1).

The tax credit for home accessibility expenses is a non-refundable tax credit that can be claimed for expenses intended to improve accessibility to a home for a person of 65 or over or a person eligible for the disability amount.

When the expenses are being claimed for a person eligible for the disability amount or a person that is not eligible for the disability amount but who lacks normal physical development, to save time, you can designate a home accessibility expense as being also eligible for purposes of the tax credit for medical expenses, directly from the form. To do so, select the check box provided for that purpose for the expense concerned. This expense will then update to a new section on Form *Medical Expenses Worksheet* (Jump Code: MED).

This new section will be displayed automatically as soon as when an expense is transferred from Schedule 12. Simply select the name of the patient for whom the expense was incurred.

T1 Line 469 – Eligible Educator School Supply Tax Credit (Jump Code: 469)

This new form allows you to enter expenses incurred for the purchase of eligible school supplies (up to \$1,000 of such expenses) for an eligible educator. The information entered on this form is used to determine the amount of the new refundable tax credit that can be claimed on line 469 of the T1 return.



TP-1029.BF – Tax Shield (Jump Code: Q1029.BF)

Taxpayers whose working income increased, could be eligible for the new refundable tax credit called “tax shield” (line 460 of the TP1 return). The purpose of this credit is to compensate for part of the loss of tax credits relating to the work premium (the work premium and the adapted work premium) and the childcare expenses tax credit resulting from the increase in the work income.

By default, the program calculates the tax shield based on the eligibility criteria of the taxpayer and the spouse on December 31, 2016 (if applicable). If you do not have all income amounts for 2015 that are required for the calculation, you can ask *Revenu Québec* to calculate the amount of the credit for you by selecting option no. 2 in the “Claiming the tax credit” section of Form TP-1029.BF.

Form TP-1029.BF must be completed to claim the tax shield. Because this form must be kept by the taxpayer once it is filed, a new paragraph relating to this credit has been added to the client letter.

The option **Include tax shield paragraph** has also been added to the “Client letter information from preparer profile” section of Form *Client Letter Worksheet* (Jump Code: LW). This new option allows you to include a reference indicating that the tax shield will be calculated by *Revenu Québec* in the client letter, if this choice has been made in the form. Note that the option to include this paragraph is selected by default in the “Additional printing options” section in the **CLIENT LETTER** tab of the preparer profiles.

TP1029.RV –RénoVert Tax Credit (Jump Code: Q1029.RV)

Revenu Québec introduced this new form to calculate the RénoVert tax credit, which can be claimed on line 462 of the tax return.

Taxpayers are entitled to this new refundable tax credit for 2016 and 2017 if they or their spouse paid eligible expenses related to eco-friendly renovation of their main place of residence or a cottage, as a result of an agreement entered into after March 17, 2016, and before April 1, 2017, with a qualified contractor.

In order to be able to claim this credit, the total eligible expenses paid that are related to eco-friendly renovation of an eligible dwelling must be more than \$2,500. In addition, the maximum amount of the credit that can be granted is \$10,000 per eligible dwelling.

TPF-1.Z – Keying Summary for Form TP-1029.RV (Jump Code: Q1029.RV TPFZ)

For 2016, a new keying summary has been added to the program. Data of Form TP-1029.RV, *RénoVert Tax Credit* (Jump Code: **Q1029.RV**) is displayed in it.

If this credit is claimed and the tax return is paper filed, the summary must be enclosed with the return and mailed to *Revenu Québec*.

Modifications Made to Forms



Federal

Client letter – Worksheet (Jump Code: LW)

It is now possible to enter up to fifty amounts as well as the description and the date with which they are associated in the “User-defined cells for customized letter content” section of the client letter in order for this information to be updated to a customized letter that you have created.

In addition, it is possible to add up to one hundred additional paragraphs in the “Additional paragraphs” section so you can select one or more paragraphs in a customized letter that you have created. You will be able to define these additional paragraphs for all your client files in the preparer profile you are using. For more information, consult the “Preparer profiles” section.

Preparer Profiles

PROFILE tab

Section E has been added to the preparer profiles to allow you to indicate instructions, descriptions, amounts or dates to transfer to the “User-defined cells for reporting purposes” section of Form *Identification and Other Client Information* (Jump Code: **ID**) for all your client files. In order for the information contained in a field of Section E to be transferred, select the check box corresponding to this field. Note that you can select the check boxes

for all fields by selecting the box **Select this check box to choose all fields in this section**.

AUTHORIZATION FORMS tab

When rolling forward a profile in which an invalid number was entered on the line, *Professional representative number* in Section “MR-69 Power of attorney, authorization to communicate information, or revocation,” this number will not be retained.

CLIENT LETTER tab

In the “Additional paragraphs” section, you can now add up to one hundred extra paragraphs to be able to select one or more paragraphs in the customized letters that you have created.

T4A - Statement of Pension, Retirement, Annuity, and Other Income (Jump Code: T4A)

Until 2015, scholarships, bursaries, or fellowships were not taxable in the current year if they had been received by a student with respect to a program that was giving entitlement to the full-time education amount for the current year, the preceding year or the next year. Because the education amount will be abolished in 2017, the requirement according to which the student was eligible for this amount for the next year is replaced by a new requirement, i.e. to be an “eligible student” in the next year.

As a result, scholarships, bursaries, or fellowships are not taxable in 2016 if they have been received by a student with respect to a program that was eligible for a full-time education amount for 2015 or 2016, or if the student will be considered as an “eligible student” in 2017.

A student is considered as being eligible if he or she received a T2202A, TL11A, TL11B or TL11C slip on which column B or C has been completed by the educational institution.

Note that this new notion of “eligible student” also applies to the tax exemption granted for scholarships received by a part-time student.

T5008 – Statement of Securities Transactions (Jump Code: T5008)

The “Exchange rate” section has been added to the form. This section allows you to apply an exchange rate specific to each of the following boxes: *Proceeds of disposition* (box 21), *Cost or book value* (box 20) and *Outlays and expenses*.

Schedule 3 – Summary of Dispositions – Capital Gains (or Losses) (Jump Co: 3)

On October 3, 2016, an important administrative change has been announced by the Canadian Minister

of Finance with respect to the requirement to report the disposition of a principal residence to the CRA. Before 2016, it was not mandatory to report the disposition of a principal residence when the property qualified for the full principal residence exemption. Commencing in 2016, any taxpayer will have to report basic information relating to the disposition of a principal residence to qualify for this exemption.

Basic information includes the address, date of acquisition and the proceeds of disposition of the property. This information must be entered in the new "Principal residence" section of Schedule 3. Since more than one disposition could give entitlement to the partial exemption relating to a principal residence, the basic information can be entered for more than one residence.

In the "Principal residence" section of Schedule 3, individuals must also indicate if they designate the property/properties which were disposed of as having been their principal residence(s) for all of the years during which they owned such property or for certain years only.

A question has been added to the "Mailing address" section of the Identification form, so that you can indicate whether the taxpayer disposed of a property during the year, for which he or she is claiming the total or partial principal residence deduction. In rolled forward files where *Personal Taxprep* detects that there has been a change of address, a diagnostic prompts you to verify if there has been disposition of such property. The display of this diagnostic can be cancelled if you answer "No" to this question, or if you enter data in the "Principal residence" section of Schedule 3.

Commencing in 2016, a copy of Form T2091 will be created in *Personal Taxprep* for each disposition of a property whose basic information has been entered in the "Principal residence" section of Schedule 3. The basic information will be updated to the copy of Form T2091 created for this disposition. You will have to add further information on the copy of Form T2091 only when the property has not been designated as a principal residence in all of the years during which the taxpayer owned the property. Only the copies in which the additional information will have been entered will be applicable for printing purposes.

As in past years, Form T2091 *Designation of a Property as a Principal Residence by an Individual (Other than a Personal Trust)*, only has to be enclosed with the return (or mailed to the CRA when the return was EFILED) when a capital gain results from the disposition of the property designated as the principal residence. Therefore, when the taxpayer designates a property as the principal residence for certain years (but not all of

the years) during which he or she owned it, Form T2091 must be submitted. Version 2016 of Form T2091 will be included in *Personal Taxprep* 2016 v.2.0.

Note that the obligation to report a principal residence disposition applies to both the deemed dispositions and actual dispositions. Penalties are applicable in cases where the disposition of a principal residence was not reported. The CRA will accept late designations and dispositions reporting, but they could be subject to penalties.

Schedule 4 – Statement of Investment Income (Jump Code: 4)

For the 2016 taxation year, the gross-up rate for dividends other than eligible dividends decreased from 18% to 17% and the rate of the credit for these dividends decreased from 11.0169% to 10.5217%.

T657 – Calculation of Capital Gains Deduction (Jump Code: 657)

Capital gains arising from dispositions made between 1985 and March 18, 2007, give rise to a \$250,000 cumulative deduction, which represents half of a lifetime exemption of \$500,000. This deduction will be abolished in 2017.

Capital gains arising from the disposition of qualified property made after March 18, 2007, and before 2014 give rise to a \$375,000 cumulative deduction, which represents half of a lifetime exemption of \$750,000.

Capital gains arising from the disposition of qualified property in 2014 give rise to a \$400,000 cumulative deduction, which represents half of the \$800,000 lifetime exemption. The amount of this cumulative deduction has been indexed for 2015 and 2016 and will continue being indexed each year, until it reaches \$500,000, which represents half of a lifetime exemption of \$1,000,000.

As a result, for the gains arising from the dispositions of qualified property in 2015, the cumulative deduction is \$406,800, which represents half of a lifetime exemption of \$813,600.

For gains arising from the disposition of qualified property in 2016, the cumulative deduction is \$412,088, which represents half of a lifetime exemption of \$824,176.

In addition, for dispositions of qualified farm property or qualified fishing property made after April 20, 2015, the cumulative deduction is \$500,000, which represents half of the \$1,000,000 lifetime exemption. The dispositions of small business corporation shares do not give rise to this additional deduction.

Parts 3a to 3g of Form T657 allow you to claim the appropriate deduction based on the period during the disposition took place.

Modifications had been made to the program in 2015, in order for the calculation of the capital gains deduction to take into account the characteristics specific to 2015. Therefore, boxes had been added to Schedule 3, the T3, T4PS and T5013 slips, as well as Forms T2042, *Cumulative Eligible Capital*, T2121, *Cumulative Eligible Capital*, T1163, *Cumulative Eligible Capital* and T1273, *Cumulative Eligible Capital* to differentiate capital gains realized from the disposition of qualified farm property or qualified fishing property made before April 21, 2015, from those relating to such dispositions made after April 20, 2015. These boxes have been removed from the forms.

T691 – Alternative Minimum Tax (Jump Code: 691)

The family tax cut and the overseas employment tax credit have been abolished this year. As a result, they have been removed from the calculation of Part 2, “Basic federal tax,” in the T691 form.

T1032 – Joint Election to Split Pension Income (Jump Code: 1032)

In this form, the term “pensioner” has been replaced by “the transferring spouse or common-law partner” and the term “transferee” has been replaced by “the receiving spouse or common-law partner”.

T1141 – Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities (Jump Code: 1141)

Form T1141 has been revised and now includes a summary as well as supplements. This form is a multiple copy form of which the first copy includes the summary and the first supplement. The second and subsequent copies include only the additional supplements. Each reporting person must file a summary as well as a separate supplement for each non-resident trust, arrangement or entity.

T2017 – Summary of Reserves on Dispositions of Capital Property (Jump Code: 2017)

The 2015 reserves relating to dispositions of qualified farm property and qualified small business corporation shares to a child made after 2006 and before March 19, 2007, must be entirely included in 2016 income. It will no longer be possible to deduct a reserve for these dispositions at the end of 2016. Sections A and B in Part 1 of Form T2017 have been modified to no longer permit the deduction of these reserves.

Donations – Charitable Donations (Jump Code: DONATIONS)

This form has been modified to reflect the changes made to the donations tax credit. In accordance with these changes, donors with high income can now claim a 33% tax credit on the lesser of the following two amounts:

- the portion of donations they made in the current year that exceeds \$200; and
- the portion of their taxable income that exceeds \$200,000.

However, the 29% rate continues to apply to donations that do not give rise to the 33% rate

In addition, testamentary donations and designated donations are no longer deemed having been made by an individual immediately before his or her death. Rather, they are deemed made by the estate at the time where the donated property is transferred to a recognized donee. The deceased taxpayer’s executor/liquidator can apportion the available donation between the taxation year of the estate during which the donation is made, a prior taxation year of the estate, and the taxpayer’s last two taxation years. The donations made by the estate and carried back to the deceased taxpayer’s final return or to the return for the taxation year preceding the taxpayer’s date of death cannot be claimed by the spouse. A specific line has been created for this type of donations, in order to take these details into account in the calculation of the donations tax credit.



ID – Client Identification and Other Information (Jump Code: ID)

Taxprep now provides an option allowing the TP1 return to be applicable (as well as the related bar codes) even for taxpayers who are not subject to Québec income tax.

A new section entitled “Printing the TP1 return - particular situations” displays at the bottom of Form *Identification and Other Client Information* (Jump Code: ID) when the taxpayer is not subject to Québec income tax.

For more information, consult the Help with respect to Form *Identification and Other Client Information*.

RL-26 Slip – Tax Credit for the acquisition of Share of the Capital régional et coopératif Desjardins (Jump Code: QR26)

The maximum tax credit that can be claimed on line 422 of the return as a result of the acquisition of

shares of the *Capital régional et coopératif Desjardins* is \$2,000, and the rate of this credit has been decreased from 45% to 40%.

TP1 Line 391 – Tax Credit for Workers 64 or Older (Jump Code: Q391)

The age of eligibility for the credit has been reduced to include workers 64 or older. In addition, the maximum tax credit is now determined based on the age of the taxpayer:

- the maximum credit amount is \$601.60 if the taxpayer is 64 on December 31, 2016;
- it is \$902.40 if the taxpayer is 65 or over on December 31, 2016.

The maximum eligible employment income is also determined based on the age of the taxpayer:

- this amount is \$4,000 if the taxpayer is 64 on December 31, 2016;
- it is \$6,000 if the taxpayer is 65 or over on December 31, 2016.

Moreover, this tax credit is reduced by 5% of the employment income over \$33,505, where applicable. However, this reduction is not applicable if the taxpayer was born before January 1, 1951, and the tax credit is not more than \$601.60.

TP1 Line 414 – Tax Credit for Political Contributions – Québec (Jump Code: Q414)

Starting in 2016, only political contributions made to municipal parties are eligible. The calculation worksheet has been modified to reflect this change.

Schedule D – Solidarity Tax Credit (Jump Code: QD)

This year, the names of co-tenants or co-owners, where applicable, no longer have to be indicated in Schedule D. You now only have to indicate the number of co-tenants (i.e. the value in box B of the RL-31 slip) or co-owners.

Schedule I – Additional Contribution for Subsidized Educational Childcare (Jump Code: QI)

Schedule I has been modified to reflect the changes made to the calculations of the additional contribution for the Subsidized Educational Childcare. The daily additional contribution is now calculated separately for each of the children, as the daily contribution for the second child is 50% of the daily contribution calculated for the first child.

DONATIONS QC – Charitable Donations (Jump Code: QDONS)

This form has been modified to reflect the changes made to the donations tax credit. Previously, the amount of eligible donations that could be claimed could not exceed 75 % of the taxpayer's net income, but, commencing in 2016, this limit is now established at 100% of the taxpayer's net income.

In accordance with a *Revenu Québec* interpretation, we have eliminated the possibility of claiming a tax credit for donations made to American charities in the Québec return. These donations can qualify for a tax credit in the federal return under subsection 6 of section XXI of the *Convention Between Canada and the United States of America*, but this section does not apply to the Québec return. However, donations made to prescribed colleges or universities and donations made by crossborder commuters whose income is mainly from a job or a business in the United States and that commute between their place of residence in Canada and their main place of work or business can be claimed in both the Québec return and the federal return. These donations must be entered in the "List of charitable donations" section of the Donations form, but box U.S. must not be selected in the "List of charitable donations" section.

Finally, testamentary donations and designation donations are no longer deemed having been made by an individual immediately before his or her death. Rather, they are deemed made by the estate at the time where the donated property is transferred to a recognized donee. The deceased taxpayer's executor/liquidator can apportion the available donation between the taxation year of the estate during which the donation is made, a prior taxation year, and the taxpayer's last two taxation years. Like at the federal level, the donations made by the estate and carried forward to the deceased taxpayer's final return or in the taxation year preceding the taxpayer's date of death cannot be claimed by the spouse. A specific line has been created for this type of donations, in order to take these characteristics into account in the calculation of the donations tax credit.

MR-69 – Power of Attorney, Authorization to Communicate Information, or Revocation (Jump Code: MR69)

Various changes have been made to this form to meet *Revenu Québec* requirements. Incidentally, many diagnostics and validation messages have been added to help you correctly complete the form.

Note that when rolling forward a client file in which the following numbers were invalid, they will not be retained:

- the professional representative number (in Parts 2 and 5);
- the file numbers
 - for alimony (lines 22a to 22d);
 - for establishments that use sales recording modules (SRMs) (lines 31a to 31c);
 - for GST/HST and QST returns that the person's business must file (lines 32a to 32c);
 - for fuel tax returns (lines 33a to 33c);
 - for tobacco tax returns (lines 34a to 34c);
 - for source deductions and employer contributions (lines 35a to 35c).

Also note that for an authorization or a power of attorney relating to an individual, only a SIN and an identification number are accepted in Part 1. Therefore, if a Quebec enterprise number (NEQ) was indicated in a preceding-year copy relating to the taxpayer, this number will not be retained.

Ontario

ON428 – Ontario Tax (Jump Code: ON 428)

The Ontario overseas employment tax credit has been abolished this year. As a result, the calculations related to this credit have been removed from this form.

Furthermore, the dividend tax credit is no longer applied to reduce the additional Ontario tax related to minimum tax. Therefore, the additional Ontario tax related to minimum tax is calculated after the dividend tax credit. This calculation is now done on Form ON Credits, *Provincial Worksheet* (Jump Code: **ON CREDITS**), and includes the Ontario surtax calculation on this minimum tax.

Finally, note that the Ontario tax on split income is no longer included in the Ontario surtax calculation.

ON Credits – Provincial worksheet (Jump Code: ON CREDITS)

A new section, which details the calculation of the additional tax related to minimum tax, including surtax on this minimum tax, has been added to the form. The additional tax related to minimum tax calculated in Form ON Credits is updated to line 59 of Form ON 428, *Ontario Tax* (Jump Code: **ON 428**).

ONBEN – Application for the 2017 Ontario Trillium Benefit and Ontario Senior Homeowners' Property Tax Grant (Jump Code: ONBEN)

A check box has been added to the ONBEN form to allow you to indicate that the taxpayer lived in a non-profit long-term care home, where applicable.

Note that if the taxpayer was in the situation, you have to select code 6123 as the type of amount.

British Columbia

BC428 – British Columbia Tax (Jump Code: BC 428)

The sixth income bracket of British Columbia has been abolished, like the British Columbia overseas employment tax credit. As a result, the calculations related to this bracket and this credit have been removed from the form.

In addition, Schedule 1 Line 370, *Children's Arts Amount* (Jump Code: **370**), has been modified: a section for residents of British Columbia has been added to calculate the eligible amount that will be updated to line 5841 of Form BC428. This new section ensures that the maximum provincial amount of \$500 per child is applied. The additional amount for children with a disability will also be added on line 5841.

Note that a new non-refundable tax credit can be claimed, i.e. the back-to-school amount. An amount of \$250 can be claimed for this credit for each child of **4 years of age or more and under the age of 17** at the beginning of the year, provided that the taxpayer or the spouse is the parent or legal guardian of the child and the taxpayer is a resident of British Columbia.

You can also claim the farmer's food donation tax credit if the taxpayer meets all of the following conditions:

- the taxpayer was a British Columbia resident on December 31;
- the taxpayer or the spouse or common-law partner carried on a farming business;
- the taxpayer made an eligible donation, after February 16, 2016, to an eligible food bank;
- the taxpayer reported the eligible donation on line 340 of federal Schedule 9 and on line 33 of Form BC428 as a donation for the year.

The amount of donations to community food programs must be entered in Form *Charitable Donations* (Jump Code: **DONATIONS**), on the line for that purpose.

Alberta

AB428 – Alberta Tax and Credits (Jump Code: AB 428)

The Alberta overseas employment tax credit has been abolished this year. As a result, the calculations related to this credit have been removed from this form.

Saskatchewan

SK428 – Saskatchewan Tax and Credits (Jump Code: SK 428)

The Saskatchewan overseas employment tax credit has been abolished this year. As a result, the calculations related to this credit have been removed from this form.

Manitoba

MB428 – Manitoba Tax (Jump Code: MB 428)

The Manitoba overseas employment tax credit was abolished this year. Consequently, the calculations related to this credit have been removed from this form. In addition, Schedule 1 Line 370, *Children's Arts Amount* (Jump Code: 370), has been modified: a section for residents of Manitoba has been added to calculate the eligible amount that will be updated to line 5841 of Form MB428. This new section ensures that the maximum provincial amount of \$500 per child is applied. The additional amount for children with a disability will also be added on line 5841.

MB479 – Manitoba Credits (Jump Code: MB 479)

Form MB479 has been modified in order to add the calculation of the seniors' school tax rebate that must now be entered in this form.

New Brunswick

NB428 – New Brunswick Tax and Credits (Jump Code: NB 428)

The calculation related to the sixth tax bracket and the calculation of the New Brunswick overseas employment tax credit have been removed from this form, because this tax bracket and this tax credit have been abolished.

Newfoundland and Labrador

NL428 – Newfoundland and Labrador Tax and Credits (Jump Code: NL 428)

The Newfoundland and Labrador foreign employment tax credit has been abolished.

In addition, the provincial government introduced the Newfoundland and Labrador temporary deficit reduction levy. This levy is due and payable when the taxpayer's taxable income is more than \$50,000, and is calculated based on the taxpayer's taxable income.

Form NL428 has been modified to reflect these changes.

NL Credits – Provincial Worksheet (Jump Code: NLCREDITS)

On July 2016, the rate used to calculate the dividend tax credit for dividends other than eligible dividends has been decreased to 3.5%.

The "Line 6152" section of the form has been modified to reflect this change.

Nova Scotia

NS428 – Nova Scotia tax and credits (Jump Code: NS 428)

The Nova Scotia overseas employment tax credit was abolished this year. Consequently, the calculations related to this credit have been removed from this form.

Also, note that the food bank tax credit for farmers can be claimed if the taxpayer meets all of the following conditions:

- the taxpayer is a Nova Scotia resident on December 31;
- the taxpayer or the spouse or common-law partner was a farmer;
- the taxpayer made a qualifying donation to an eligible food bank during the year;
- the taxpayer reported the eligible donation on line 340 of federal Schedule 9 and on line 29 of Form NS428 as a donation for the year.

The amount of donations to a food bank must be entered in Form *Charitable Donations* (Jump Code: DONATIONS) on the designated line.

Prince Edward Island

PE428 - Prince Edward Island Tax and Credits (Jump Code: PE 428)

The Prince Edward Island overseas employment tax credit was abolished this year. Consequently, the calculations related to this credit have been removed from this form.

Northwest Territories

NT428 - Northwest Territories Tax (Jump Code: NT 428)

The Northwest Territories overseas employment tax credit was abolished this year. Consequently, the calculations related to this credit have been removed from this form.

Nunavut

NU428 – Nunavut Tax (Jump Code: NU428)

The Nunavut overseas employment tax credit was abolished this year. Consequently, the calculations related to this credit have been removed from this form.

Yukon

YK428 – Yukon Tax (Jump Code: NU428)

The Yukon overseas employment tax credit was abolished this year. Therefore, the calculations related to this credit have been removed from this form.

Schedule 1 Line 370 – Children’s Arts Amount (Jump Code: 370)

Form Schedule 1 Line 370 has been modified and now includes a section for Yukon residents. This section has been added in order to calculate the children’s arts amount using the rates in effect in Yukon. The amount calculated in this section is updated to line 5841 of Form YT428.

T1 Line 459 – Children’s Fitness Tax Credit (Jump Code: J459)

Form T1 Line 459 has been modified and now includes a section for Yukon residents. This section has been added in order to calculate the children’s fitness tax credit using the rates in effect in Yukon. The amount calculated in this section is updated to line 6392 of Form YT479.

Forms Removed

Federal

- Schedule 1-A - Family Tax Cut (Jump Code: **1A**)
- T626 - Overseas Employment Tax Credit (Jump Code: **626**)
- T1162A - Pre-Authorized Payment Plan (Jump Code: **1162A**)
- UCCB - Universal child care benefit worksheet (Jump Code: **UCCB**)

Québec

- Relevé 17 - Remuneration for Employment Outside Canada (Jump Code: **QR17**)
- TP-752.0.1.i - Certificate Respecting a Member of a Religious Order (Jump Code : **Q752.0.1.i**)
- TP-1029.LR - LogiRénov Home Renovation Tax Credit (Jump Code: **Q1029.LR**)

Saskatchewan

- SK 479 - Saskatchewan Credits (Jump Code: **SK479**)

Technical Information

Technical Changes


Displaying last year’s data in the review tools

Last year’s data is now retained by default in order to be displayed in the status bar and in the Xpress tool.

In previous versions of *Personal Taxprep*, it was possible not to display this data by selecting an option for that purpose in the **Review Tools** pane of the “Roll Forward” section of the options and settings. Note that this choice can no longer be made, as this pane has been removed.

Customizing the syntax of the PDF filenames

You can customize the syntax of the PDF filenames for returns and forms to avoid having to rename them when you create a PDF file. To do so, access the **PDF Files** pane in the “Print” section of the options and settings. In the “Syntax of the PDF filenames” section, click in the **Syntax** column, on the line relating to the type of document (tax returns or forms) for which you want to customize the syntax of the PDF filenames.

Then click , and select the items that you want to display in the PDF filenames.

Note that you can edit the name of the “Customized” items by clicking **Edit custom items**, and enter the desired text.

Finally, you can now automatically replace the spaces with underscores in the name of the PDF files. To do so, select the check box **Replace spaces with underscores**.

Taxprep Registration

Certain fields in the box **Taxprep Registration** have been modified. In addition, during the registration process, the user is now prompted to provide his or her e-mail address and indicate if a partner in the firm has a valid CPA title.

Notes – Attached Notes Summary (Jump Code: ATTN)

An option has been added so that attached notes can be deleted using this form. You can either delete all of the attached notes or individually select the notes to be deleted.

Schedule – Attached Schedule with Total (Jump Code: ATTS)

Form *Attached Schedule with Total* has been modified to allow you to do mathematical operations. In this form you can now select operators from a drop-down list. Note that the calculations are done one at a time, from the first to the last line, and not according to the priority rules of the operations (for example, the formula $1+2*3$ will not result in the same thing as the formula $1+3*2$).

Where to Find Help

If you have any questions regarding the installation or use of the program, there are several options for getting help. Refer to the *Quick Start Guide* in the **Professional Centre** for tips and useful information on how to use the program. If you are in the program and need help, press F1 to get help on a specific topic.

Videos available in the Professional Centre and on our Web site!

To learn more about *Taxprep* or to become familiar with the different features, consult the videos available in the **Professional Centre** or at www.taxprep.com.

To view a tutorial, access the "Tutorials" section in the **Professional Centre**, or visit the *Taxprep* Web site and, in the **Support** menu, select your product, then click the 2016 tax year. Videos are displayed under the **Tutorials** link. Simple as that!

Taxprep e-Bulletin

For your convenience, you are automatically subscribed to **Taxprep e-Bulletin**, a free e-mail service that ensures you receive up-to-date information about the latest version of *Personal Taxprep*. If you wish to review your subscription to **Taxprep e-Bulletin**, visit www.taxprep.com. In the **Support** menu, select **Taxprep e-Bulletin**. Click on **My e-Bulletin** in the "Taxprep e-Bulletin" section. You can also send an e-mail to cservice@wolterskluwer.com to indicate the products for which you wish to receive general information or information on our CCH software (*Personal Taxprep*, *Corporate Taxprep*, *Taxprep for Trusts*, *Taxprep Forms* or *CCH Accountants' Suite*).

How to Reach Us

E-mail

Customer Service:

cservice@wolterskluwer.com

Tax and Technical support:

csupport@wolterskluwer.com

Telephone

1-800-268-4522

Web Site

www.taxprep.com