

Your Guide to Navigating Tax Season

As tax filing deadlines approach, we are here to help you stay informed about the latest updates and changes that might affect you. Most of us are familiar with the April 30th income tax filing deadline for individuals, and the June 15 tax filing deadline for self-employed taxpayers and their spouses. But this year there is a deadline to be aware of that may newly affect many taxpayers who might not even realize they need to file: The T3 Trust Return filing deadline is April 2.

You may have a Trust and not know it. When we think of Trusts, most of us think of Express Trusts that are intentionally created with clear intent, and generally with legal counsel. But there are other types of Trusts as well, such as Bare Trusts that we might not think of as being a Trust, as there should not be any tax owing as a result of these types of Trusts. Bare Trusts can arise when you have set up an in trust for (ITF) account for your minor child or you own certain assets jointly with other family members without having transferred beneficial interest. Some examples of Bare Trusts inadvertently being formed can include when a parent facilitates co-signing a mortgage for a child by being added to the title of the home, or when a parent adds their children or grandchildren to the title of their home or cottage or bank or investment accounts for estate planning purposes. It is the trustee who must file the T3. This is typically the person who administers the Trust, for example, a person administering a joint bank or investment account for a parent. The settlor is the person who contributed the assets to the Trust. The settlor could also be the beneficiary, for example a parent who transferred their account into joint name.

CRA's definition of Bare Trusts affects all sorts of arrangements that have never attracted Trust filing requirements in the past. Starting with the



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2023 tax year, the Canada Revenue Agency (CRA) is mandating Canadians with arrangements where the beneficial ownership is separated from the legal ownership of an account or asset to fill out a T3 trust return for the previous year, disclosing details such as trustees, beneficiaries, and settlors. There may be an exemption to the filing requirement, for Trusts with certain assets of \$50,000 or less, such as bank accounts or some investment and in trust for accounts holding mutual funds. If you are uncertain whether your IPC in trust account requires a T3 filing, we can advise you. But, when it comes to T3 filings, we recommend you consult a tax professional, as filing requirements can be complex and non-compliance fees can be onerous.

Non-compliance could lead to significant penalties, including fines of up to \$2,500 or five percent of the trust's fair market value, whichever is higher. CRA has offered some relief as taxpayers attempt to navigate these new rules, indicating that in this first year of expanded filing requirements it may not assess penalties for late Bare Trust filings. We invite you to read this [article by Advotax Law](#) for details on whether the requirement to file a T3 Trust return may apply to you.

Here are some important tax filing deadlines to be aware of:

T3 Filing for Trusts, including Bare Trusts and Informal Trusts: April 2, 2024

Tax filing and payment deadline for individuals: April 30, 2024

Tax filing deadline for self-employed taxpayers (and their spouses): June 15, 2024.

Payment deadline for self-employed taxpayers (and their spouses): Despite their later filing deadline, self-employed taxpayers (and their spouses) are still required to pay any balance owing by April 30, 2024.

Tax filing and payment deadline for deceased taxpayers: If the death occurred from January 1 to October 31, 2023, the return must be filed no later than April 30, 2024. If the death occurred from November 1 to December 31, 2023, the return must be filed within six months after the date of death.

Tax filing and payment deadline for deceased taxpayers who carried on a business at the time of their death: If the death occurred from January 1 to

December 15, 2023, while the business was in operation, the return is due by June 15, 2024. If the death occurred from December 16 to December 31, 2023, the return is due within six months after the date of death. Regardless of when the taxpayer died, the tax will be owing on April 30, 2024.

Here are some other factors to consider when preparing to file:

Gathering Documentation

Now is the time to gather all necessary tax receipts, including receipts for RRSP contributions, t-slips for investment income, and realized capital gains and/or losses in non-registered accounts, and year end reports indicating deductible fees paid in non-registered accounts. Keep an eye out for any tax-related documents and your year end IPC report arriving in the mail or delivered electronically.

Whether you receive statements and tax slips by mail or electronically depends on your registered preferences. Feel free to contact our office for assistance in clarifying or changing your preferences.

Realized Gains Reports

For clients with non-registered accounts, our office will be providing realized gains reports to help simplify the calculation of your realized gains and losses, beginning the third week of March for your convenience. (T5008s and trading summaries do not always contain all the information required to adequately report capital gains and losses.)

IPC Private Wealth Program

If you're enrolled in our IPC Private Wealth Program, expect to receive electronic indication that your tax package is ready to access by March 25th. Please note the change in reporting procedures for 2023 tax packages versus prior years, which will now be uploaded to your IPC personal website.

Duplicate Documents

Misplaced your tax documents, or not certain you have everything you need to report. Don't worry, our office can assist you in ensuring you have what you need and in obtaining duplicates, if required.

Planning for the Future

As you tackle your 2023 tax reporting, remember it is never too early to start planning for the 2024 tax year. Our team is here to help you optimize your tax planning strategies.

Remember, we're here to support you with tax planning and preparation for tax-filing. If you have any questions or need assistance, don't hesitate to reach out to our team.

Welcome to our Newest Full Time Team Member:

We are thrilled to welcome our long time Responsible Investing Financial Literacy Co-ordinator, Adrian's cousin and Sonia's daughter, Rowan Hughes to a full-time role with our Team. After obtaining her Honours BA in development and political economy with a minor in creative writing from the University of Guelph, Rowan went on to earn her Graduate Certificate in financial planning last year. A Responsible Investment Specialist (RIS) since 2021, Rowan is passionate about Responsible Investing and has long supported our research and education initiatives on a part time basis. Rowan is excited to expand her role in helping our clients to align their money with their values and plan for peace of mind. Our practice was originally inspired by Sonia's grandmother, and Adrian and Rowan's great-grandmother, stock-broker Lilice LeRoy. We are very proud that LeRoy Wealth Management Group has truly become a multi-generational family practice. It is our intention to be here to support your planning journey for years to come.

Thank you,

Sonia & Adrian