

# 2022 TAX PLANNING CHECKLIST

## PARENTS AND SPOUSES

The following checklist provides tactics you should consider as part of your year-end tax planning. If you need further explanation, please contact Chaplin & Co. LLP, Chartered Professional Accountants at 416 667 7060 or [cpa@chaplinco.com](mailto:cpa@chaplinco.com).

- Income splitting** -
  - if you have excess cash to invest and a lower-tax bracket spouse or children, consider an income-splitting plan by lending money to a family member to take advantage of the low prescribed interest rates (1% in Q1 2022)
  - Deposit Canada Child Benefit payments into a bank account in the name of your child so that income earned thereon is taxed in the child's hands.
- Registered Education Savings Plan (RESP)** - Contribute to an RESP for your child until the end of the year in which the child turns 17. There is no annual contribution limit but there is a lifetime limit of \$50,000 for each beneficiary. However, there is an annual limit of \$500 for the Canada Education Savings Grant with a lifetime limit of \$7,200. Contributions should be planned to maximize government grants received under the program.
- Consider giving investments to a child** - Consider transferring investments to a child where that investment has dropped in value. This will trigger a capital loss that parent can use and any future growth will be taxed in the child's name. Capital gains are not attributed to the parent.
- Personal residence** - For each personal residence owned by our family that was acquired before 1982, consider
  - the need to establish the value of the residence at December 31, 1981; and
  - the need for separate rather than joint ownership.
  - Where more than one residence is owned by a family, the personal residence designation should generally be used for the property with the largest gain per year. However, the timing of the tax liability must also be considered.
- Childcare expenses** -
  - Pay childcare expenses for 2022 before December 31, 2022 and get a receipt.
  - Boarding school and camp fees qualify for the child care deduction (subject to certain limits) as does the cost to advertise or use a placement agency to find a child care provider.
- Employment leave by spouse** - If your spouse is leaving the workforce, time contributions and withdrawals from a spousal RRSP to provide your family with extra disposable income.
- Contribute to a spousal RRSP** - Review each spouse's RRSP and make RRSP contributions designed to equalize RRSPs so that each spouse will have the same retirement income
- Separation agreements** -
  - review terms to ensure that you will be entitled to the maximum deduction or the minimum income inclusion.
  - segregate child support component from alimony. Otherwise, the entire amount will be considered child support and will not be deductible.
- Alimony payments** - Ensure that all alimony or maintenance payments for the year are made by December 31.
- RRSPs** - To maximize your 2023 RRSP contribution of \$30,780 your 2022 earned income must be \$171,000.
- Children abroad** - Consider whether your will and estate plan need to be updated for children who no longer reside in Canada.
- Canada Child Benefit** - Ensure that you made the claim if you are eligible for this tax-free benefit