



## 2022 Tax Update

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### New Labour Mobility Deduction for Tradespeople

The new [labour mobility deduction](#) will allow tradespeople and apprentices in the construction industry to deduct certain travel and relocation expenses, up to \$4,000 incurred for eligible temporary relocations, in an effort to reduce the labour shortage.

To be eligible, you must have relocated within Canada temporarily to work or continue working at a construction site. Your temporary residence was at least 150 km closer than your primary residence to the work site, and you relocated for more than 36 hours.

The highest amount you can claim is up to 50% of your employment income earned from working at the temporary work site.

### Increase in Home Accessibility Tax Credit

The [Home Accessibility Tax Credit](#) is a non-refundable tax credit to help seniors and individuals with disabilities make home improvements that would allow them to continue living safely in their homes. The credit maximum is increased to \$20,000, from \$10,000, for eligible expenses incurred in 2022.

Eligible expenses include anything that makes the home more accessible and functional for a disabled or senior resident over 65 to access all home parts and only applies to your principal residence.

### Change in Delivery of Climate Action Incentive Payments

[Climate Action Incentive](#) payments will be moving from an annual refundable tax credit to quarterly payments starting in July 2022.

### New Luxury Goods Tax

The [new luxury goods tax](#) will apply to certain vehicles and aircraft priced above \$100,000 and certain vessels priced above \$250,000. This measure is intended to make high-end purchases less attractive and encourage people to save more of their money and has been in effect since September 1, 2022.

According to the CRA, the luxury tax would be calculated as the lesser of the:

- 20% of the retail sales price above the relevant threshold (\$100,000 for vehicles and aircraft or \$250,000 for vessels)
- 10% of the retail sales price



## Expansion of the Disability Tax Credit

The [disability tax credit](#) is expanding its criteria for the mental functions necessary for everyday life and the eligibility for life-sustaining therapy retroactive to 2021.

This includes the reduction of no requirement for therapy to be administered at least two to three times each week, as well as allowing the time required by another person to assist in the therapy where an individual is incapable of performing therapy on their own.

Individuals with Type 1 diabetes will also qualify for the credit without demonstrating how many hours of life-sustaining therapy they require.

## One-Time Increase in GST Credit

A [one-time GST payment](#) will double the GST credit that individuals and families receive over a six-month period. Single Canadians without children would receive an extra \$234, and couples with four children would receive up to \$628 this year.

Canadians who already receive the GST credit will automatically receive their payments starting in early November.

## New Canada Dental Benefit

If you are an eligible parent or guardian with an adjusted family net income below \$90,000, the [Canada Dental Benefit](#) can provide up to \$650 of tax-free coverage each year for two years to cover your child's dental expenses if they do not have access to insurance.

Applications and payments can be made through the CRA starting December 1, 2022, but be sure to book your appointment ahead so that your dental care will be covered between October 1, 2022, and June 30, 2023.

## New Canada Housing Benefit

Low-income renters struggling with housing costs can benefit from the [Canada Housing Benefit](#), which provides a tax-free payment of \$500.

If your adjusted net income is below \$35,000 for families or below \$20,000 for single persons and you pay at least 30% of your adjusted net income towards rent, you may be eligible for this one-time top-up. The CRA will begin accepting applications and making payments from December 12, 2022, onwards.

## New Tax-Free First Home Savings Account

The new registered [Tax-Free First Home Savings Account](#) (FHSA) will help young Canadians afford a down payment faster. Contributions will be tax-deductible and qualifying withdrawals used to purchase their first home will be non-taxable. The annual contribution limit of \$8,000 will begin in 2023, with a lifetime limit of \$40,000. Any unused contribution room can be carried forward.

## Increase in First-Time Home Buyers' Tax Credit

The [First-Time Home Buyers Credit](#), a non-refundable tax credit available to first-time home buyers, will be increased from \$5,000 to \$10,000 for all home purchases on or after January 1, 2022. This will help offset the increasing costs involved in buying a first home.

## New Multigenerational Home Renovation Tax Credit

The new, refundable [Multigenerational Home Renovation Tax Credit](#) will give 15% on eligible home renovation expenses up to \$50,000, starting January 1, 2023. Multigenerational homes are becoming more popular with parents or grandparents moving in with their kids and grandkids, but the homes may not be accessible for the elderly or disabled.

The upgrades must be for your primary residence and used for seniors over 65 living in the same home.

Eligible expenses include home renovations that increase accessibility and safety around the home, such as the installation of stairlifts or wheelchair ramps or to accommodate more people, such as additional suites on existing property for living space.

## New Residential Property Flipping Rule

Starting in 2023, the new [residential property flipping rule](#) means that any profits from flipping properties owned for less than 12 months will be taxed in full, with certain exceptions made in cases of unexpected life events.

Usually, a person doesn't have to pay tax on profits from the sale of their home if it was used as their principal residence. However, this rule would classify these earnings as business income, which would be taxable at 50% when held for less than a year.

## Temporary Work-From-Home Benefit

The government is again providing a [work-from-home benefit](#) of \$500 monthly (for 2021 and 2022) for those required to work remotely because of the COVID-19 pandemic. Through this measure, individuals and businesses can save more on expenses associated with working from home.

If you have worked more than half of your time at home, due to the pandemic, over a span of four continuous weeks within a year, you are eligible to claim \$2 per day that you did work. However, days off, vacation days, sick days, weekends or statutory holidays that weren't worked do not count.

## Increases to Note

### Income Tax Brackets

The government is also making [changes to the tax brackets](#) for individuals.

Tax Rate	Taxable Income
15%	Up to \$50,197
20.5%	\$50,197 up to \$100,392
26%	\$100,392 up to \$155,625
29%	\$155,625 up to \$221,708
33%	Over \$221,708

### Basic Personal Amount

The [basic personal amount](#), the income an individual can earn before paying taxes, will be increased from \$13,808 to \$14,398 for the 2022 tax year. This change is intended to help lower-income Canadians by providing additional tax relief.

### Old Age Security

For [Old Age Security](#) (OAS), the threshold amount for repaying part or all of your pension is \$81,761 of net income in 2022.

### RRSP Contribution Limit

The dollar limit for contributions to a [Registered Retirement Savings Plan](#) (RRSP) will be increased to \$29,210. This change is designed to encourage Canadians to save more for retirement.

### Canada Child Benefit

The [Canada Child Benefit](#) (CCB) is being increased for families with children.

The maximum CCB amount per child will be increased to \$6,997 for those under the age of six, and to \$5,903 for those between the ages of 6 to 17. These changes are intended to provide additional financial support for low- to middle-income Canadian families with children.