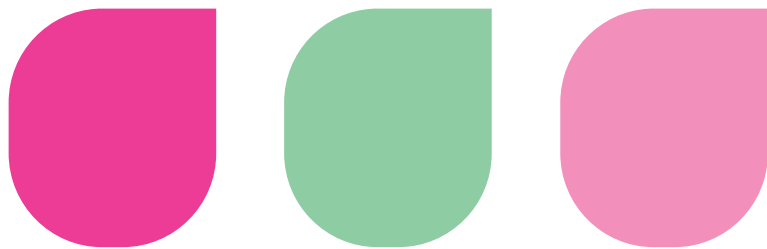


Ontario

**2023 Year-end
tax tips for
RTOERO members**



**RTO
ERO**



Contents

Tax rates	3
Age amount tax credit	3
Climate action incentive	4
Education and textbook tax credit	4
Medical expense tax credit	4
Charitable donations tax credit	5
Political contributions tax credit	5
Municipal contribution rebate program	5
Ontario seniors' public transit tax credit	5
Northern residents deduction	5
Ontario senior homeowners' property tax grant	6



Tax rates

Effective calendar 2023, the Ontario income tax rates and income thresholds are as follows:

- 5.05% will apply to income up to \$49,231.
- 9.15% will apply to income over \$49,231 up to \$98,463.
- 11.16% will apply to income over \$98,463 up to \$150,000.
- 12.16% will apply to income over \$150,000 up to \$220,000.
- 13.16% will apply to income earned in excess of \$220,000.

Ontario also has a surtax of 20% that applies to Ontario tax in excess of \$5,315, plus a surtax of 36% that applies to Ontario tax in excess of \$6,802.

An Ontario healthcare premium also applies to individuals who are residents of Ontario on the last day of the year.

The premiums and income thresholds for 2023 are as follows:

- \$0 for taxable income up to \$20,000
- Up to \$300 for taxable income from \$20,001 to \$36,000
- \$300 to \$450 for taxable income from \$36,001 to \$48,000
- \$450 to \$600 for taxable income from \$48,001 to \$72,000
- \$600 to \$750 for taxable income from \$72,001 to \$200,000

- \$750 to \$900 for taxable income from \$200,001 to \$200,600
- \$900 for taxable income over \$200,600

The premium will be computed and paid when you file your tax return.

Age amount tax credit

If you are 65 or older, you may be eligible to claim an age tax credit. This credit results in a combined federal and Ontario tax savings of about \$1,425. The amount of the credit is based on your income level, starting with a reduction of 15% of the amount by which your income exceeds \$39,826. Once your income exceeds \$92,479, your age credit will be fully eliminated. This credit can be transferred between spouses or common-law partners.

Entitlement to this credit is based on individual income, so you should talk to your tax advisor about ways to keep your income below the threshold.



Climate action incentive

On July 3, 2018, the Government of Ontario ended its climate plan, which has consequently increased the amount of pollution within the province. As a result, the climate action incentive was created. It is a tax credit that is available to everyone who is a resident of Ontario. For the 2023 base year, the climate action incentive payments for Ontario are calculated as follows:

- \$488 for a single adult or the first adult in a couple
- \$244 for the second adult in a couple; single parents will receive this amount for their first child
- \$122 for each child in the family (starting with the second child for single parents)
- \$976 for a family of four

To support residents of small and rural communities in Ontario, the incentive plan allows for an additional 10% of the entitled payment to be claimed as a supplement. Small and rural communities will be defined as anywhere outside of a census metropolitan area. Individuals will indicate on their tax return whether they reside in a rural area. Ontario has 16 census metropolitan areas: Barrie, Belleville, Brantford, Greater Sudbury, Guelph, Hamilton, Kingston, Kitchener-Cambridge-Waterloo, London, Oshawa, the Ontario part of Ottawa-Gatineau, Peterborough, St. Catharines-Niagara, Thunder Bay, Toronto and Windsor.

It is expected that for 2024 the climate action incentive will be paid quarterly (April, July, October and one payment in January 2025).

Education and textbook tax credit

The Ontario tuition and education tax credits have been discontinued. The tuition tax credit can be claimed for eligible tuition fees paid up to September 4, 2017. The education tax credit can be claimed for months of study before September 2017.

Medical expense tax credit

The medical expenses you can claim on line 58689 are the same as those you can claim on line 33099 of your federal income tax return, except for the following:

- If the amount you claimed for medical expenses on your return includes an amount for attendant care expenses that was limited to \$10,000 (\$20,000 in the year of death), the maximum Ontario claim for attendant care expenses is \$16,408 (\$32,816 in the year of death).
- The maximum Ontario claim for the cost of a van adapted for transporting a patient who requires the use of a wheelchair is \$7,703.
- The maximum Ontario claim for moving expenses for a patient's move to a more accessible dwelling is \$3,081.

At the time of publishing, the 2023 rate for using the simplified method of calculating vehicle expenses related to travel for medical reasons has not yet been released. For reference, the rate for 2022 was 61.5 cents per kilometre.

The medical expenses you claim also have to cover the same 12-month period ending in 2023 and must be expenses that were not claimed for 2022.



Charitable donations tax credit

The Ontario credit is calculated as an additional 5.05% of the first \$200 and an additional 11.16% of the balance in excess of \$200.

Political contributions tax credit

Contributions to registered Ontario political parties generate a provincial tax credit for 2023 as follows: 75% of the first \$465, 50% on the portion of your donation between \$465 and \$1,552, and 33.33% of any contribution over \$1,552 up to \$3,532. The maximum credit allowed is \$1,552, which means that you do not receive credit for political contributions over \$3,532 and the forgone credits cannot be carried forward to another year for future use. Therefore, consider spreading your contribution over two or more years. You could also consider having your spouse or common-law partner make a portion of the contribution.

Municipal contribution rebate program

Contributions made toward municipal election campaigns are not tax deductible in the province of Ontario. However, there are contribution rebate programs specific to each municipality that can be utilized. Consult with your local municipal election candidate before making any contributions in order to ensure there is in fact an active rebate program in place.

The City of Toronto has a Contribution Rebate Program in place for contributions over \$25, with a maximum allowable rebate of \$1,000. In order to ensure eligibility of receiving the rebate, you must receive a Contribution Rebate Receipt & Application Form.

Ontario seniors' public transit tax credit

A refundable credit for transit costs incurred after June 30, 2017, is available for seniors who have attained age 65 at the beginning of the taxation year and live in Ontario at the end of the taxation year.

The maximum credit is 15% of \$3,000, or \$450. Eligible expenses are short-haul public transportation and specialized transit for people with disabilities. Long-haul and private services, such as Greyhound and Via Rail, do not qualify. If you want to make a claim for this credit, you must save your receipts to support the claim.

Northern residents deduction

To qualify for the northern residents deduction, you must have lived, on a permanent basis, in a prescribed northern or intermediate zone for a continuous period of at least six consecutive months. This period can begin or end in the taxation year.

Some places in the province of Ontario can be included in a prescribed northern zone or in a prescribed intermediate zone. For a complete list of prescribed zones, please refer to CRA publication T4039.

For 2016 and subsequent taxation years, the deduction is equal to \$11 per day of residence in a prescribed northern zone or \$5.50 per day of residence in a prescribed intermediate zone, and the amount of the credit may be doubled where no other household member claims it. The deduction is calculated on Form T2222. The maximum deduction that you may claim is limited to 20% of your net income for the year.



Ontario senior homeowners' property tax grant

This grant helps seniors with low and moderate incomes with the cost of their property taxes. The maximum grant for 2024 is the lesser of \$500 and the eligible property tax paid by or for you for 2023. The credit is claimed on your 2023 income tax return.

The amount of the credit is reduced as follows: if you are single, separated, divorced or widowed, your 2024 grant will be the maximum payment reduced by 3.33% of your adjusted family income over \$35,000, and if you are married or living common law, your 2024 grant will be the maximum payment reduced by 3.33% of your adjusted family net income over \$45,000.

The grant needs to be applied for each year. Speak to your tax advisor to determine if you qualify for the grant.



CAUTION:

The information contained in this document comprises of tax tips only and should not be considered as tax advice. RTOERO assumes no liability for the outcomes that may result from persons using the contents of these tips in their tax planning. Persons using this information for tax planning are cautioned that the full application of these tax tips is best done with the advice of their tax advisor. Neither RTOERO nor its employees or agents are tax advisors.

This document was prepared for RTOERO by Grant Thornton LLP. Grant Thornton LLP is a Canadian Member of Grant Thornton International Ltd.

Permission is granted to reproduce this document.

1-800-361-9888

finance@rtoero.ca

rtoero.ca

For more tax information,
visit Canada Revenue Agency
www.canada.ca/en/revenue-agency.html

