

First time filing your taxes?

Canadian income tax is administered by the Canada Revenue Agency (CRA). Personal income tax returns are filed on a calendar year basis. Personal tax returns are due April 30 for the prior calendar year. However, the filing deadline is extended until June 15 if you earned self-employed income. If you owe income tax for the prior calendar year, you must pay it by April 30 of the current year, even if you earned self-employment income. Late filings and payments are accepted but may incur penalties and/or interest.

For example, personal income tax returns for the 2018 tax year must be filed with CRA by April 30, 2019. However, individuals with self-employed income can file their 2018 income tax returns with CRA by June 15, 2019. Income tax owing must be paid to CRA by April 30, 2019 (even if you earned self-employed income).

In certain cases, you may need to pay your income tax in installments. This means that you prepay your income tax in installments throughout the same calendar year in which your taxable income is earned. If this requirement applies to you, you will receive direction, usually in the form of a letter, from CRA.

You are responsible for determining your income tax status and paying the correct amount of tax. This guide is intended as a summary of the Canadian income tax filing process for Canadian medical students. Additional tax rules may vary by province.

Should you file your taxes?

In short, yes. Almost everyone who earns taxable income in a calendar year should file a tax return with the Canada Revenue Agency (CRA). Even if your income is less than the personal exemption (the amount of income which you are entitled to earn tax free), you should file your taxes to take advantage of potential benefits, credits, and deductions which can be carried forward and applied to subsequent years. These benefits can include GST credits, the Canada Child Benefit, and provincial credits like Ontario's Trillium Benefit. You must also file a tax return to carry forward unused tuition credits, transfer unused tuition credits to a parent's income tax return, and create RRSP contribution room.

When should you file?

While the deadline to file and pay any outstanding balance is April 30 (with a June 15 filing deadline if self-employed income is earned), it's best to start early. Once you have collected your tax slips and relevant receipts, you are ready to file. Remember, accountants and tax help services are busiest just before the deadline, so obtaining assistance may be challenging if you file last minute.

Note: In August 2020, the 2019 deadlines were extended because of COVID-19: Penalties (including late-filing penalties) and interest will not be applied if returns are filed and payments are made by September 30, 2020. This extension also applies to the June 15 and September 15, 2020 installment payment deadlines for those that need to pay 2020 installments.

What slips, forms, and documents will I need?

Tax slips are official tax records. They provide you with vital information for your tax return. It is important that you collect every tax slip which is prepared for you.

Some common tax slips for medical students include:

T4 or RL-1	Employment Income
T2202 or RL-8	University tuition statement
T5 or RL-3	Non-registered investment income
T3 or RL-16	Non-registered investment income

It is also helpful to keep a record of any Registered Retirement Savings Plan (RRSP) contribution receipts, as well as receipts for moving expenses, professional dues, and receipts for interest paid on government student loans.

Together, these tax slips, documents, and receipts will help you in preparing your tax return.

How should you file?

You have many options for filing your taxes, including mailing a paper return and online filing. Many of these options are free for basic tax returns. The CFMS has a partnership with MNP, a professional service firm which provides free basic tax return preparation for Canadian medical students and resident physicians.

What counts as income and taxable income?

You must report all taxable income in a calendar year on your tax return. Failure to do so may result in penalties. It is your responsibility to understand and report your sources of income.

The most common sources of taxable income for students include:

- Employment income reported on a T4 slip from your employer
- Employment income not reported on a T4 slip, including tips and gratuities
- Scholarship, fellowship, bursary, and study grant income in excess of the total yearly costs of medical school, including tuition and education related expenses
- Registered Education Savings Plan (RESP) payments
- Canada Emergency Response Benefit (CERB) and Canada Emergency Student Benefit (CESB)
- Investment income

What does not count as taxable income:

- GST/HST credit
- Canada child benefit payments, or related provincial or territorial program payments
- Lottery winnings
- Most gifts and inheritances

How can I reduce my tax liability or maximize my return?

The two most common ways to reduce your tax liability are through deductions and credits. It is generally in your best interest to maximize the value of your eligible deductions and credits. For all credits and deductions, it is important to keep records and receipts of the amounts in case of a reassessment or CRA audit.

Deductions serve to reduce your pre-tax income, thereby reducing the amount of income from which your tax is calculated. Credits reduce your tax liability by directly reducing your final tax owing. In general, credits only apply if you have a positive tax liability. However unused tax credits can sometimes be carried forward and applied to future tax liabilities.

The rules governing deductions and credits can be complex. Speaking with a tax advisor can prevent the incorrect calculation of your tax liability.

Common Deductions

- Scholarships and Bursaries related to your full-time study
- Moving expenses if you moved more than 40km to be closer to medical school or employment. Moving expenses are recorded on form T1M, and can include:
 - Travel, lodging, and meal costs associated with moving (up to 15 days)
 - Some costs associated with selling your former residence, cancelling a lease, and purchasing a new residence
 - Some costs associated with changing your legal address, including utility connections and updating documentation
- Eligible childcare expenses, including daycare, babysitters, and camps
- Income earned during active military service under the Medical Officer Training Program
- Professional dues and liability insurance

Common Credits

- Interest paid on government student loans
- Tuition tax credit, which may also include eligible licencing exam fees like LMCC examination fees
- Non-refundable medical and dental expenses
- Unused credits from a spouse or common law partner
- Canada caregiver tax credit for caregivers of an eligible family member who has a mental or physical impairment
- First time home buyers tax credit
- Disability tax credit

The listed deductions and credits are not exhaustive. Speaking with a tax advisor can help ensure you receive the maximum deductions and credits.

Need more help?

The CFMS has an exclusive partnership with MNP, a leading national accounting, tax and business consulting firm in Canada which provides free basic tax return preparation for Canadian medical students and resident physicians. As you complete your education / residency and move forward in your career, remember MNP is here to help. Serving professionals for 60 years, MNP understand your unique needs and deliver the advice and solutions you need to make informed decisions that benefit you today and in the future.

The CFMS also has an exclusive partnership with MD Financial, which provides a full range of financial planning and tax advice, free for medical students.