



**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

IMPORTANT CHANGE TO THE INCOME TAX ACT (CANADA) REGARDING THE PRINCIPAL RESIDENCE EXEMPTION

DID YOU SELL YOUR HOME IN OR AFTER 2016?

As of 2016, the sale of a principal residence (your home) must now be reported on your personal income tax return. Prior to the year 2016, there was no specific requirement to report the sale of your principal residence.

If you do not report the sale of your principal residence, the Canada Revenue Agency (CRA) could deny your claim for the principal residence exemption, meaning that any gain on the sale may be subject to taxation.

For the fiscal year 2016 and future years, the sale of your personal home must be reported on Schedule 3 of the personal tax return and designated as the principal residence of the taxpayer by completing Form T2091 (IND). You'll need to report:

- When you bought the home (which year)
- When the home was sold (the date)
- The proceeds from the sale of the home (gross proceeds)
- The municipal address of the property
- For which years you are claiming the home as your principal residence (Form T2091)

If you sold a personal residence in 2016 and did not report the disposition, please contact Gregory, Harriman & Associates LLP to have your 2016 personal tax return amended.

The Canada Revenue Agency (CRA) has advised of the potential consequences of not reporting the sale on your personal income tax return for the year of the sale **may** include:

- A penalty of \$100 per month, up to an \$8,000 maximum;
- The loss of the statute barred reassessment period – while CRA is usually limited to reassessments of the last 3 years, failing to report a principal residence sale may result in this period being open for reassessment indefinitely; and
- Denial of the principal residence exemption resulting with a potential taxable capital gain on the sale of your home.

Finally, please note that losses on the disposal of personal residences are not tax deductible.

If you need assistance with amending your 2016 personal tax return or any other taxation matters, do not hesitate to contact our office at [403-934-3176](tel:403-934-3176) or by email at mailbox@gh-a.com

You may also visit our website at www.gh-a.com