



## AGENDA

### AUDIT DEFENCE: MANAGING TAX RISK FOR REAL ESTATE OWNERS

SEPTEMBER 20, 2023

<b>8:30 AM CT</b>	<b>Log into the KB Auditorium: Virtual Welcome</b>
<b>8:30 – 8:55 AM</b> Central Time	<b>LET’S TALK! Network with your “Tax &amp; Financial Pro Support Group” and share stories about the issues you and your clients face in your industry.</b>
<b>9:00 – 10:15 AM</b>  <a href="#">Evelyn Jacks</a> , President, Knowledge Bureau, RWM™, MFA™, MFA-P™, DFA-Tax Services Specialist™  	<p><b>SESSION 1: AUDIT DEFENCE- REAL ESTATE OWNERS UNDER THE MICROSCOPE</b></p> <p>The key eroders of wealth – taxes, inflation and fees – are about to take a bigger bite out of Canadian’s balance sheets. The Bank of Canada has estimated that by 2026 most taxpayers with mortgages will see increases in monthly payments of 20 to 40 percent.</p> <p>The wide net cast by the Underused Housing Tax (UHT) together with the new Alternative Minimum tax, are not well understood. Now there is a new tax and a new tax filing deadline: October 31, 2023 for the new UHT-2900 Return.</p> <p>Further, an April 2023 <a href="#">CFIB survey</a> revealed that 76% of pros have significant concerns about worsening service levels and intimidation tactics at the CRA. In addition, Two-thirds (66%) of business owners felt intimidated by the CRA, 51% felt as if they were treated like they did something wrong, nearly half (48%) felt that they were not being provided with the tax guidance their business needed and only 23% felt that the CRA is accountable for its mistakes or is making an effort to be small business friendly.</p> <p>Now CRA has issued a series of “verification” questionnaires about – Forms RC683, RC684, RC685, RC686 and RC687-with far-reaching queries about business and rental activities, as well as the submission of personal information for refund verification – everything from utility bills and insurance policies, bank statements and credit to verify residency and daily living expenses at each location.</p> <p>These issues will cause headaches at audit time and could impact the terminal value of income-producing properties, and therefore family net worth. Learn more about the latest issues for professional advisors and their clients as Canada’s best-selling tax author and educator, Evelyn Jacks, drills down on key tax news and audit triggers for tax years 2022, 2023 and 2024.</p> <p><b>Additional Educational Resources:</b> <a href="#">DFA-Tax and Accounting Services Specialist™ Programs</a></p>
<b>10:15 – 10:30 AM</b>	<b>COMMUNICATIONS BREAK</b>
<b>10:30 – 11:45 AM</b>  <b>Alan Rowell, RWM, MFA, DFA-Tax Services Specialist</b>	<p><b>SESSION 2: OWNING REAL ESTATE – FILING REQUIREMENTS: INCOME TAXES</b></p> <p>Real Estate in general – inventory, valuation and mortgage interest rates in particular - has become a hot new topic and the Federal Government has responded with new rules, audit processes and legislation designed to ensure that taxation on Real Estate is applied accordingly. Advisors, regardless of their specialty, must understand the implications of tax and, in particular, audit requirements on real property owned, as</p>

	<p>well as the options available to minimize taxation on increasingly valued property. In his important session you will:</p> <ol style="list-style-type: none"> <li>1. Learn to recognize a potential planning issue for your clientele – and its audit potential - by reviewing new form RC685 Rental Property</li> <li>2. Know courses of action the Tax, Accounting and Wealth Management Specialists can assist with</li> <li>3. Know why a sound knowledge of tax rules surrounding principle residences and other properties is required and various tax planning options available to maximize net worth and manage risk to: <ul style="list-style-type: none"> <li>• Principal Residences</li> <li>• Additional Personal Residences – The Cottage, The Vacation Property Abroad</li> <li>• Rentals – Investment vs Business Property</li> <li>• VRBO and other Platforms</li> <li>• Ownership with Spouse or Children</li> <li>• Ownership with Non-residents</li> <li>• Partnerships</li> <li>• Owning Real Estate in a Corporation</li> <li>• GST implications</li> <li>• Issues at Audit – Form RC685</li> </ul> </li> </ol>
<p><b>11:45 – 12:15 AM</b></p>	<p><b>LUNCH BREAK</b></p> <p>Visit the <b>Virtual Networking Area</b> to meet sponsors and fellow attendees.</p>
<p><b>12:15 – 1:30 PM</b></p> <p><a href="#">Evelyn Jacks</a>, President, Knowledge Bureau, RWM™, MFA™, MFA-P™, DFA-Tax Services Specialist™</p> 	<p><b>SESSION 3: CASE STUDIES: TRANSFERRING REAL ESTATE</b></p> <ol style="list-style-type: none"> <li>1. Rules: Valuation, During Lifetime, At Time of Death</li> <li>2. Recapture, Terminal Loss</li> <li>3. Calculating Capital Gains/Losses <ol style="list-style-type: none"> <li>a. Principal Residences</li> <li>b. Second Personal Residences – The Cottage, Vacation Property Abroad</li> <li>c. Rental Properties</li> <li>d. Partnerships</li> <li>e. Within a holding company</li> </ol> </li> <li>4. Reserves</li> <li>5. Inventory</li> <li>6. Replacement Properties</li> <li>7. Foreclosure</li> <li>8. GST implications</li> <li>9. Issues at Audit</li> </ol> <p><b>Additional Resources: The Tax Tip Toolkit – EverGreen Explanatory Notes and the KB Discovery Calculators</b></p>
<p><b>1:30 – 1:45 PM</b></p>	<p><b>COMMUNICATIONS BREAK</b></p>

<p><b>1:45 – 3:00 PM</b></p> <p><b>Alan Rowell, RWM, MFA, DFA-Tax Services Specialist</b></p>	<p><b>SESSION 4: THE NEW UNUSED HOUSING TAX</b></p> <p>CRA initiated the <b><i>Underused Housing Tax Act (UHTA)</i></b> in early 2023 retroactive to the 2022 tax year, and introduced new Form UHT-2900 <i>Underused Housing Tax Return and Election Form</i> at the end of January, with an April 30, 2023 filing deadline. This left Taxpayers – and their advisors - scrambling to understand their responsibilities. Fortunately, the government extended the tax filing deadline for this form to October 31, 2023. Now tax and financial advisors must come up to speed! This session will take a detailed, direct look at “UHT-2900 <i>Underused Housing Tax Return and Election Form</i>” through each section sorting out what it means, when it applies and to exactly who does it apply.</p> <p>As CRA and the Federal Government continues to place increased compliance and reporting on the taxpayer, new form filing requirements – and substantial penalties for each property owner – have been introduced. Simply being ignorant of form filing requirements can cost each owner of each property a minimum of \$5000 in penalties. The tax, accounting and financial specialists must properly advise the client, to keep all the stakeholders out of trouble and wealth building and retention plans intact. In this session, learn about:</p> <ol style="list-style-type: none"> <li>1. New Definitions: UHT Filing Penalties, Excluded Owners, Affected Owners, Residential Property, Dwelling Unit, Primary Place of Residence (and Exemption), Qualifying Occupancy, Continuous Occupancy, Seasonal Residence, Specified Canadian Partnerships, Specified Canadian corporation, Specified Canadian Trust, Taxable Value, Fair Market Value</li> <li>2. Determine Ownership and filing requirements</li> <li>3. Rules for Specified Canadian Partnerships, Specified Canadian corporation, Specified Canadian Trusts</li> <li>4. Identifying the residential property (properties) involved</li> <li>5. Primary place of residence, Dwelling Units</li> <li>6. Qualifying Occupancy – Exemptions – Continuing Occupancy</li> <li>7. Other Exemptions – Developers, Renovators, Uninhabitable</li> <li>8. Fair Market Value of Assessment Value, Fair Rent</li> <li>9. The Tax Calculation – Taxable Value</li> <li>10. Important facts about penalties and anti-avoidance rules. <ol style="list-style-type: none"> <li>a. Filing deadlines: April 30, October 31, December 31</li> <li>b. Requirement to include assessed value &amp; most recent sale price</li> </ol> </li> </ol>
<p><b>3:00 – 3:30</b></p>	<p><b>TECH BREAK – MAKING YOUR LIFE EASIER. Learn about new software applications and how they can help in tax and wealth management planning.</b></p>

<p><b>3:30 – 4:00</b></p> <p><a href="#">Evelyn Jacks</a>,  <b>President, Knowledge Bureau, RWM™, MFA™, MFA-P™, DFA-Tax Services Specialist™</b></p> <p><b>Alan Rowell, RWM, MFA, DFA-Tax Services Specialist</b></p>	<p><b>RWM ROUND TABLE: UHT CASE STUDIES – WHAT FORM FILING IS REQUIRED?</b></p> <p>The new UHT and audit information sheets have the potential to cross-over reviews and information requirements from personal, corporate, and GST obligations. Real estate owners must ensure their documentation is detailed and audit proof. Using these common real estate transactions as a guide, we'll decipher what the new rules require from a tax theory and form filing point of view.</p> <ol style="list-style-type: none"> <li>1. Spouses together own a primary residence and a vacation home. Neither property is a rental property.</li> <li>2. The couple adds a residential rental property to their portfolio.</li> <li>3. Primary residence is sold a year later</li> <li>4. Four additional residential rental properties are added.</li> <li>5. One is a short term rental on an Airbnb/VRBO platform.</li> <li>6. Unrelated Canadian citizens each own a principle residence; together own a residential long term rental property</li> <li>7. As above, but one Canadian citizen is a non-resident</li> <li>8. As above, but the non-resident is a non-citizen</li> <li>9. Property is jointly with another person holding the property in a trust</li> <li>10. Property is owned by a farm corporation of which one Canadian shareholder owns residential property situated on a section of the farmland.</li> </ol>
<p><b>4:00 PM</b></p>	<p><b>CLOSING REMARKS AND PRIZES</b></p>