

5 tax-filing tips – EXECUTORS & ESTATES

2018 tax year (Individual filing due Tue Apr 30, 2019)

Coping with a death is difficult, and it doesn't help that the old saying about death and taxes truly applies when it comes to an estate. Even so, there are actually ways that the system allows tax on death to be saved or at least delayed, including some steps an executor can take post-mortem that the person could not have done while living.

1. Deemed dispositions

A person's property is deemed disposed at death, which can result in capital gains or losses. As well, registered accounts (eg., RRSP, RRIF, TFSA) are brought into income at death.

2. Tax-deferred rollovers

Both capital property and registered accounts may roll tax-deferred to a spouse/common-law partner (CLP). Some registered accounts may also roll to dependants if desired. The executor may be able to reduce tax by electing which and how much of these to roll, and to whom.

3. Terminal return due date, and filing previous year's return

The **April 30, 2019** due date applies if a death occurs by **October 31, 2018**, but if it's later in 2018, the due date is six months from the actual date of death. The return of a surviving spouse/CLP can also use this date for his or her return, but any tax owing is due at the April 30 deadline. If a death is between January 1 and April 30, 2019 and the 2018 return has not yet been filed, the due date for that past year's return and any tax owing is 6 months from date of death.

4. Multiple returns

In addition to the familiar personal tax return, up to 3 more optional returns may be filed, for 'rights and things', 'partner or proprietor' and 'graduated rate estate'. Some tax credits may be claimed on more than one return, while other credits must be split among them.

5. Clearance certificate

An executor must pay all the deceased's final tax obligations (out of the deceased's assets). The executor can be personally liable if this is not fulfilled. To protect him/herself, the executor can request a CRA tax clearance certificate confirming all taxes obligations have been met before distributing to beneficiaries.

For more, click [here](#) or search "[What to do when someone has died](#)" on [canada.ca](#).



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