

5 tax-filing tips – SPOUSE & COMMON LAW PARTNERS

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

Our income tax system is based on each individual being a tax filer, or what is known technically as the taxable unit. Practically though, it could impose undue burden or unintended benefits if spousal relationships were ignored. Accordingly, there are mechanisms designed to acknowledge and account for this reality.



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1. Filing together

You must let CRA know whether you have a spouse (legally married) or common law partner (CLP). CLP applies if you are currently in a conjugal relationship that has lasted 12 continuous months, or you live and have a child together by birth or adoption.

2. Spouse credit

You can claim this credit if you supported a spouse or CLP. The full credit is available if net income is zero, and the amount of the credit is reduced proportionately for net income up to the maximum reference amount of \$11,809 in 2018.

3. Spouse attribution rules

If you transfer property to your spouse, investment income is generally attributed to you, requiring that you report it on your return. If your spouse instead earns business income or gives you something of equal fair market value in return, attribution will not apply.

4. Spousal loans

Using a spousal loan, the borrowing spouse records the investment income without attribution applying. The borrower pays interest at the CRA prescribed rate (currently 2%, adjusted quarterly), which is a deduction to him/her, but income to the lender.

5. Separation

If you were living and filing as common-law, you must be separated 90 days to be considered separated on December 31, 2018. If you were legally married, it is sufficient to be legally separated (under family law) at year-end, without the 90-day requirement.

For more, click here or search "[Life events: Spouse and common-law partner](#)" on [canada.ca](#).

For more tax tips, speak to a Meridian Wealth professional or search at [meridiancu.ca-good-sense](#):

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| <input type="checkbox"/> First-time filers | <input type="checkbox"/> Parents | <input checked="" type="checkbox"/> Spouses | <input type="checkbox"/> Students | <input type="checkbox"/> Homeowners |
| <input type="checkbox"/> Seniors/retirees | <input type="checkbox"/> Disability needs | <input type="checkbox"/> Self-employed | <input type="checkbox"/> Investors | <input type="checkbox"/> Estates |