



CESTNICK

TAX MATTERS

How milestone life events could affect your tax return this year

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There's a young man on my street who just turned 19. It's a big milestone. He shared that he just started his first office job, so I asked him how adulthood was treating him.

"Well," he said, "I think I'm more adult-ish than a real adult. It's not as much fun as being a kid. There's too much responsibility. I'm heading home now. If anyone asks for me, just tell them I'm in the basement playing in my fort made of cushions. I'll be colouring."

There are so many milestones in life. And many of them come with tax opportunities – or challenges. Let me share a few of these milestones today.

Starting your first job

If you just started your first job – welcome to the taxpayers club. If you earned under \$16,129 in 2025, you won't pay income tax thanks to the basic personal tax credit. So, if any tax was deducted from your pay, you can expect a refund when you file your 2025 return.

Want to claim medical expenses on your taxes? Read this first

But even if you won't owe tax, and aren't getting a refund, file a return anyway because it creates RRSP contribution room that can save you tax later. And if you use your own vehicle for work, provide your own tools, or work from home more than half the time, you may be able to claim a portion of those costs.

Reaching age 19

Now that you're 19, you're old enough to know better but young enough to get away with crazy things anyway. You're also old enough to qualify for the GST/HST credit – which could put over \$500 of cash in your pocket just for filing a tax return.

For the period from July, 2025, to June, 2026, the actual credit is worth up to \$533 (\$133.25 per quarter) and is based on your income from your 2024 tax return. The maximum credit is sure to increase in 2026 (possibly as high as \$950), thanks to the Canada Groceries and Essentials Benefit. Be sure to file

your 2024 and 2025 tax returns if you turned 19 in 2025.

Yes, AI can help you with your taxes – if you know how to use it

Starting postsecondary education

If you enrolled in postsecondary education in 2025, be sure to take advantage of your tuition costs. You can claim a tax credit or transfer up to \$5,000 of tuition to a parent, which can make sense if your income is below the \$16,129 basic personal amount.

You can also carry forward unused tuition credits indefinitely to claim in the future. And you may be able to claim moving expenses if you moved 40 kilometres or more to attend school.

Finally, if you're withdrawing from a registered education savings plan, you can choose between tax-free withdrawals of contributions, or taxable education assistance payments. Careful planning can help minimize the taxes owing (see my article from Aug. 28, 2024, for ideas).

Saving for or buying a home

If you've been saving for a home, I hope you're using a First Home Savings Account (FHSA). You can deduct eligible contributions made in 2025, but if you don't need the deduction now, or expect to be in a higher tax bracket in the next two or three years, consider saving it for later to maximize tax savings. (You can contribute now and claim the deduction in a future year.)

Four areas likely to attract tax audits as CRA scrutiny ramps up

Consider a "double-dip" strategy by contributing to both an FHSA and an

RRSP, then using both for the same home purchase. The Home Buyers' Plan allows you to withdraw RRSP funds for a down payment (although those amounts must be repaid to your RRSP over 15 years to avoid tax).

Renovating a home

You might be entitled to a GST/HST rebate if you substantially renovated your home. And if you're 65 or older, you may be able to claim the home accessibility tax credit for up to \$20,000 of renovation costs if you qualify for the disability tax credit.

You might also be eligible for the multigenerational home renovation tax credit on up to \$50,000 of costs if you created a secondary unit for a senior or disabled family member to live with a qualifying relative. But beware: Claiming this credit could jeopardize the principal residence exemption on the renovated space, so speak to a tax pro.

Canada's 2026 tax season: Here are three things to know

Selling a home

If you sold a home in 2025, you'll have to report it on Schedule 3 of your tax return. And consider designating the property as your principal residence, if it qualifies, to make the sale fully or partially tax-free (use Form T2091 to do the math). If tax is payable, make sure you maximize your adjusted cost base (ACB) by including capital improvements made over the years. This will result in a smaller taxable capital gain.

Next week I'll share more milestones that have to do with marital status, inheriting money and getting older.

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