

Tax Tip
Week of September 28, 2009

Optional Tax Returns upon Death

If at the time of death an individual was entitled to receive “rights or things” as defined by CRA, they can be included on a separate tax return. Rights or things include:

- income the employer owed the deceased on the date of death
- Old Age Security benefits that were due and payable before the date of death
- uncashed matured bond coupons
- bond interest earned to a payment date before death, but not paid and not reported in previous years
- unpaid dividends declared before the date of death

The advantage of filing an additional return, is that certain credits can be claimed on both returns. This would include:

- the basic personal amount
- the age amount
- the spouse or common-law partner amount
- the amount for an eligible dependant
- the amount for infirm dependants age 18 or older
- the caregiver amount

Filing multiple returns can reduce the tax liability on the deceased’s final tax return.