Practice 1 – Prepare a Simple 2025 Personal Tax Return

Scenario

Peter Smith has come to Solid Tax to prepare his 2025 personal income tax return. In this practice, you will manually enter the client's information and tax slips. After the return is complete, you will review how the information flows through the T1 Income Tax Return.

Learning Objectives

- Become familiar with the Tax Software interface.
- Create and save a new 2025 T1 return.
- Enter common tax slips accurately.
- Understand how information entered from tax slips appears on the T1.

Client Information

Item	Value
Name	Peter Smith
SIN	Xxx xxx xxx
Date of Birth	January 25, 1980
Address	6-266 Bronson Ave, Ottawa, ON
Citizenship	Canada
RRSP Deduction Limit	$10,000
Marital status	Single

T4 Statement of Remuneration Paid

Box	Description	Amount
10	Province of employment	Ontario
14	Employment income	181,820.76
16	Employee CPP contributions	3,499.80
18	Employee EI premiums	952.74
20	RPP contributions	21,115.42
22	Income tax deducted	44,850.00
24	EI insurable earnings	65,700.00
26	CPP pensionable earnings	81200
40	Taxable benefits	93.60
44	Union dues	1,757.72
46	Charitable donations	36.40
52	Pension adjustment	14,041.00

16A	Employee CPP2 contributions	396.00

T5008 Statement of Securities Transactions

Box	Description	Value
13	Currency	CAD
16	Quantity	86
17	Security	AIR CANADA VTG & VAR VTG SHS
20	Cost or book value	1,993.97
21	Proceeds of disposition	2,183.05

T5 Statement of Investment Income

Box	Description	Amount
13	Interest from Canadian sources	64.22

T4RSP Statement of RRSP Income

Box	Description	Amount
22	Withdrawal	2,222.22
30	Income tax deducted	222.22

RRSP Contribution Receipt

Contribution Period	Amount
Prior year contribution	10,000
Current year contribution	2,000

Instruction

1. Create a New Return

Open **TaxCycle** and create a new **2025 T1 Personal Tax Return**.

2. Enter Personal Information

Enter the client's personal information, then save the return to your work folder.

3. Enter the Tax Slips

Enter the T4, T5008, T5, T4RSP and RRSP information.

Tip

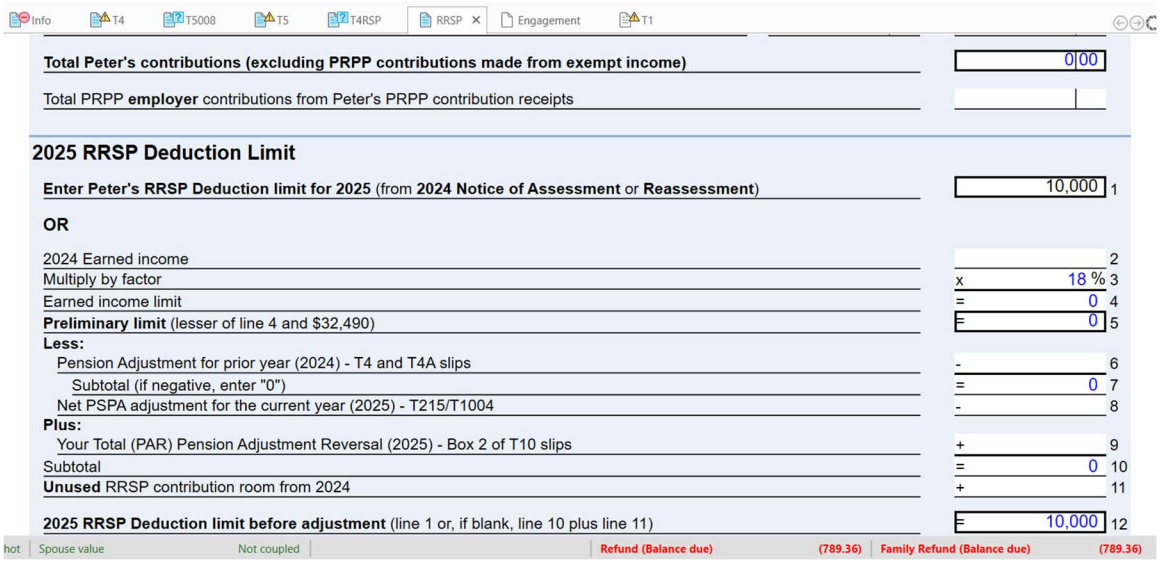
Use the **Fast Find** button on the toolbar to open each tax slip (T4, T5008, T5, etc.). Focus on finding the correct **box number** and entering the correct amount. Do not worry about fields that are left blank.

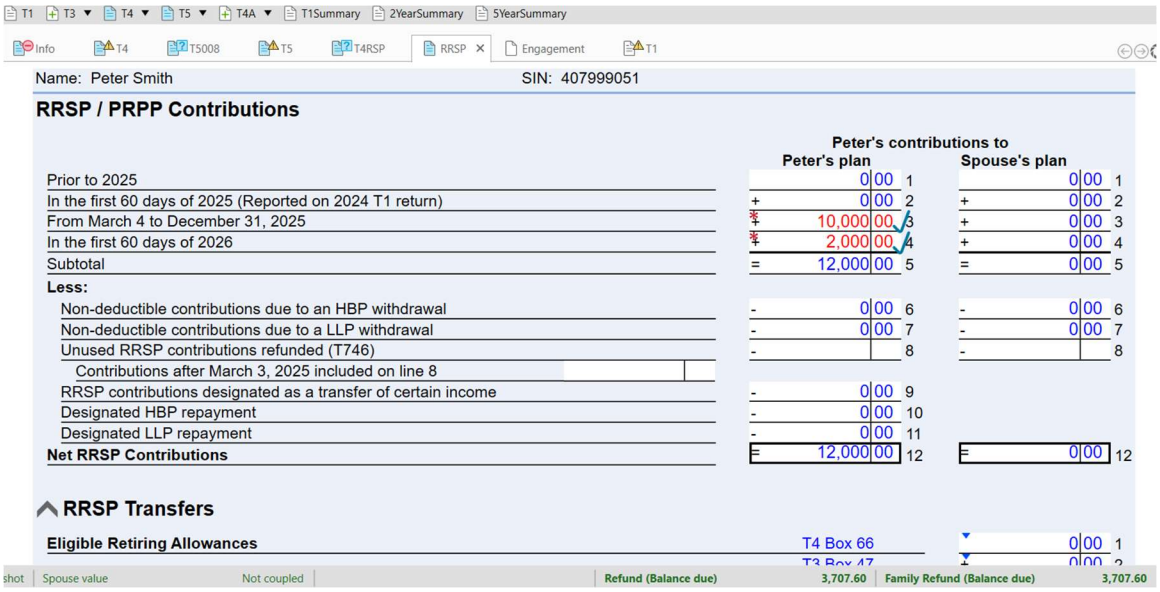
4. Enter the RRSP Contribution

The RRSP worksheet may look confusing at first. For this practice, simply follow the example below.

- On **Page 1**, enter the RRSP deduction limit.
- On **Page 2**, enter the RRSP contributions.

When entered correctly, the result should change from a **balance owing of $789** to a **refund of $3,707**.





5. Review Your Entries

Before continuing, make sure all information has been entered correctly.

Use the **Review** panel on the left side of TaxCycle and check each section for missing or incorrect information.

6. Review the T1 Return

The return is now complete. Next, review how the information entered in TaxCycle appears on the T1.

Open the **T1** using **Fast Find**.

- **Step 1 – Identification** shows the personal information you entered.
- **Step 2 – Total Income** shows income from the T4, T5, T5008 (Schedule 3) and T4RSP.
- **Step 3 – Net Income** shows deductions such as RPP contributions, union dues and the RRSP deduction.
- **Step 4 – Taxable Income** shows the income that will be used to calculate tax.
- **Step 5** calculates the federal tax.
- **Step 6** calculates the final refund or balance owing.

You do not need to understand every calculation yet. The goal of this practice is to see how information flows from the tax slips to the T1. We will discuss tax calculations, credits and tax rates in later practices.

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