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Basement Apartment Landlord Tax Checklist

Gondaliya CPA Professional Corporation · Registered Ontario CPA Firm

Twelve things to settle before you file

For Canadians renting a suite in the home they live in. Rules current to 28 October 2026.

- [ ] **Measure the suite and the whole house**
  Floor area drives every shared cost. A room count is usually wrong.
- [ ] **Report gross rent, before any expenses**
  Total rent received on Form T776, each expense on its own line.
- [ ] **Carry the net figure to line 12600**
  From line 9946 of the T776. Gross rents go on line 12599.
- [ ] **Deduct the interest, never the principal**
  Use the mortgage statement, not the bank record. Interest is 20(1)(c).
- [ ] **Amortise financing fees over five years**
  Application, appraisal, brokerage and legal fees at 20% under 20(1)(e).
- [ ] **Test each project as a repair or an improvement**
  Restoring is deductible now. A capital outlay is denied by 18(1)(b).
- [ ] **Ask whether the work was structural**
  A new entrance or added plumbing costs you ancillary-use status.
- [ ] **Decide the capital cost allowance question once**
  On a home you live in, claiming it usually costs more than it saves.
- [ ] **Check all three ancillary-use conditions**
  Folio S1-F3-C2 at 2.59. All three, or paragraph 45(1)(c) applies.
- [ ] **Leave the mileage log alone on one property**
  Only hauling tools for repairs you do yourself. Rent collection is personal.
- [ ] **Confirm every rental year has been reported**
  A voluntary disclosure before CRA writes is a different outcome entirely.
- [ ] **Keep the records for six years**
  Leases, rent log, invoices marked repair or improvement, and the floor plan.

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