

Twelve things to settle before you file

For Canadians owning two and three unit rental buildings. Rules current to 27 October 2026.

- ☐ **Measure the floor area of every unit**
This fraction drives every shared cost on the building. Measure once.
- ☐ **Deduct the interest, never the principal**
Use the mortgage statement, not the bank record. Only interest is 20(1)(c).
- ☐ **Amortise financing fees over five years**
Appraisal, legal and broker fees at 20% a year under 20(1)(e).
- ☐ **Apportion shared costs, claim direct costs in full**
Work inside a rented unit is 100%. Work in your own unit is nil.
- ☐ **Test each project as a repair or an improvement**
Restoring is deductible now. Adding lasting value is capital, 18(1)(b).
- ☐ **Put appliances in Class 8, not repairs**
Fridges, stoves and washers are depreciable property, not maintenance.
- ☐ **Halve the first-year claim on any addition**
Regulation 1100(2) applies to the building portion and the appliances.
- ☐ **Decide whether to claim CCA at all**
Class 1 at four per cent is optional, and recapture waits at the sale.
- ☐ **Track undepreciated capital cost by class**
Know the balance before you plan a disposition, not after closing.
- ☐ **Apply a rental loss to your other income first**
Employment income included. Only the excess becomes a 111(1)(a) loss.
- ☐ **Report each co-owner's share separately**
Every owner files their own T776 for their own percentage.
- ☐ **Keep the records for six years**
Mortgage statements, invoices, the floor plan and the rent ledger.

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