PREPARING INFORMATION FOR YOUR INCOME TAXES

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Preparing information for your income taxes can be confusing and frustrating. What is a deduction? What is a tax credit? Are you eligible to benefit from these programs? Am I required to report this? With each Federal and Ontario annual budget, reporting requirements, benefits and credits, and programs are created, modified, and eliminated. This newsletter provides a summary of changes in 2017, as well as common areas of common confusion or programs of which you may not be aware.

So long! Eliminated Credits in 2017

In 2017 and future years, the “Children’s Fitness Tax Credit” and the “Children’s Arts Amount” no longer exist. Don’t fret about finding and collecting those receipts!

The Public Transit Tax Credit is being eliminated after June 2017. You will be able to claim a non-refundable tax credit for the cost of eligible transit passes that are for the use of public transit services for the period January 1, 2017 to June 30, 2017. Transit costs incurred after June 30, 2017 are no longer eligible. For annual passes, the credit will be prorated based on the 6 months that were eligible in 2017. Good news for seniors in Ontario! The Ontario government introduced the Ontario Seniors’ Public Transit Tax Credit on July 1, 2017. If you are 65 years or older as of January 1, 2017 and lived in Ontario on December 31, 2017, you can claim a refundable credit for transit costs incurred after July 1, 2017.

The Ontario government has eliminated the Healthy Homes Renovation Tax Credit for 2017 and future years.

Our goal is to provide updates on topical accounting and tax issues. Information contained in this newsletter is not meant to be a comprehensive summary of the issues raised. Rather, we wish to bring what we believe to be important issues to the attention of our valued clients and readers. We would be pleased to discuss any questions that you, the reader, might have in greater detail.

Sorry – these expenses are not eligible!

While buying lottery tickets for a charity fundraiser may be a great way to support your favourite cause, unfortunately, the purchase of these lottery tickets does not qualify as a charitable donation. They cannot be claimed on your personal tax return.

Elective cosmetic procedures may not qualify for the Medical Expense Tax Credit. Common procedures include augmentations, teeth whitening, and filler injections. It is a question of fact whether a particular service or procedure was provided purely for cosmetic purposes, and the onus is on the individual claiming the credit to substantiate that a particular expense is not subject to this provision. It should be noted that procedures that would generally be considered to have a medical or reconstructive purpose include those that would ameliorate a deformity arising from a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease. If you aren't sure, we can help.

Are you eligible? Don't miss out!

The Canada Tax Benefit is a payment for eligible parents with children under the age of 18. Based on your family net income, you may qualify. In order to apply, you and your spouse or common-law partner must file your income tax return for 2017. Payments will be issued starting July 2018. Great news! This benefit is tax-free.

The Disability Tax Credit ("DTC") is a non-refundable tax credit that helps people with disabilities or their supporting person reduce the amount of income tax they may have to pay. The disability amount may be claimed once the person with a disability is eligible for the DTC. In order to apply, have your physician complete form T2201 – Disability Tax Credit Certificate (Link: https://www.canada.ca/content/dam/cra-arc/migration/cra-arc/E/pbg/tf/t2201/t2201-16e.pdf) and send the application to the Canada Revenue Agency. The DTC provides the ability to claim attendant care and nursing home costs, and other tax benefits such as Registered Disability Savings Plan ("RDSP") and Qualified Disability Trust ("QDT") eligibility.

The new 2017 Canada Caregiver Credit will replace the previous Caregiver Credit, Infirm Dependant and Family Caregiver Tax Credit. If you incurred expenses related to the care of a dependant relative, you may be eligible for this non-refundable credit, up to a total of $6,883 of expenses. It should be noted, that any income earned by the dependant in that tax year will reduce the credit.

If you or your spouse or common-partner acquired a home in 2017 and did not live in a home owned by you or your spouse or common-law partner in the preceding four years, you may be eligible for the First-Time Home Buyers' Tax Credit. This credit is claimed on your personal tax return and could be worth up to $750!

Don't forget to report!

If you own foreign property with a cost of more than $100,000 you may have to file a T1135 – Foreign Income Verification Statement with your personal tax return. Foreign personal-use property, such as a vacation home that is not rented, are excluded from these reporting requirements. Some examples of property that would have to be reported are shares of foreign corporations (held outside of registered accounts such as TFSA or RRSP), foreign rental properties or funds held at foreign banks. If you aren't sure whether your foreign property needs to be reported, contact our office.

If you paid or received child support or spousal support in 2017, you will need to report this on your income tax return. These rules can be complicated. Speak with your tax advisor to make sure you don't miss an income inclusion or eligible deduction on your personal tax return.

For more information, please feel free to contact our office. Keep an eye on our website or follow us on Linkedin for other tips and information throughout personal tax season.

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