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You can find more tax time help and checklists for tax preparation on the web at: elizabethtorrens.com

Accessible. Affordable. Professional.



My aim is to serve clients by offering professional accounting services that are accessible, affordable, personalized, and that build and sustain a reputation for excellence, attention to detail, ethics, empathy and objectivity.

I believe that acting with honesty and integrity is integral in creating a lasting client relationship and is a cornerstone of my business operations. I commit to perform high-quality work in every engagement. Commercial considerations will not override the quality of work a client receives; I will charge what is fair, even if I have to take a loss.

I would like to this opportunity to wish everyone a very Merry Christmas and a Happy and Prosperous New Year. All the best in 2015.

CHANGES FOR FAMILIES

CHILD FITNESS TAX CREDIT

For the 2014 tax year, the maximum amount of eligible fees paid in a year has been increased to \$1,000, up from \$500.

Currently the tax credit is non-refundable; meaning if you do not use up all the credit you have earned in the current year, it is lost and unavailable for future years. Subject to Royal Assent of the enabling legislation, the Child Fitness Tax Credit will be a refundable credit starting in 2015 and subsequent tax years.

FAMILY TAX CUT

The October 31 tax announcements proposed a new non-refundable tax credit of up to \$2,000 for eligible couples with minor children where the spouses or common-law partners are taxed in different tax brackets. A new schedule, *Schedule 1-A, Family Tax Cut*, must be completed and the amount calculated entered into line 423 of *Schedule 1, Federal Tax*.

ENHANCED UNIVERSAL CHILD CARE BENEFIT (UCCB)

The Government is ending the Canadian Child Tax Benefit and extending the UCCB.

Now the UCCB will pay out \$160/ month for each eligible child until the age of 6 and \$60/ month for each eligible child until the age of 18. This change is coming into effect for January 2015.

CHILD CARE EXPENSES

The current dollar limits when applying for child care expenses are being increased by \$1,000 for the 2015 and subsequent tax years. The new limits will be:

- For a child eligible for the disability tax credit, \$11,000;
- each child under the age of 7 at the end of the year, \$8,000; and
- each child under the age of 16 or has a mental or physical impairment, \$5,000.

Income Tax Brief

FALL 2014

START PLANNING NOW; SAVE ON TAXES

The Federal Government made a number of changes in regards to personal and corporate taxes that can have a profound impact on the amount of tax you will owe the government come April 2015.

Spending a few hours now will help you to minimize your tax bill and help to prepare you for the tax season.

Whether you do your taxes yourself, or have a professional complete your return,

I am providing this newsletter so you can make note of some of the major changes and some of the more common items that come up during tax season.

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DATES TO REMEMBER:

November and December

Tax planning

December 31

Farmers take inventory

Pay salary to family

Charitable donations due

January 15

Source deductions due

February 28

T4 filing deadline

March 1

RRSP purchases deadline

MEDICAL EXPENSE TAX CREDIT (METC)

The 2014 federal budget expanded the definition of an expense eligible for the METC and subsequent years for some expenses.

The design costs of a therapy plan for specialized therapy will be eligible if the therapy would have otherwise been eligible and, the therapy plan was required to access public funding or a medical practitioner prescribed the plan, the individual is eligible for the Disability Tax Credit, and the preparer of the therapy plan provides these services to unrelated individuals.

The costs of having a service animal specifically trained to assist an individual in managing severe diabetes will be eligible for METC. The costs of the animal, including care and maintenance, and reasonable travel expenses related to training the individual in the handling of the service animal will also be eligible.

Some of the other expenses eligible for METC include the following provided they are not reimbursed through a plan:

- Prescription costs
- Ambulance services
- Private health plan premiums



- Optometrist services including eyewear and contact lenses
- Travel, meals and accommodation expenses incurred when traveling for medical reasons provided those services are further than 40km from your home (a physician letter / note stating that the services are necessary should be kept on file)

Remember to keep all receipts and travel logs for 7 years.

WHERE CRA WILL LOOK CLOSELY AT YOUR RETURN ...



SALARY TO FAMILY

If you pay your family members a wage, you need to pay special attention as CRA has paid close attention to these situations. Remember to actually write cheques to family member(s), remit source deductions on time, and prepare T4s. Also ensure that you can prove your family member(s) are performing the tasks you credit them with.

FOREIGN PROPERTY

If you own foreign property failure to file on items with a cost base over \$100,000 Canadian, can result in up to \$24,000 in penalties. Foreign property includes, but is not limited to: funds held outside Canada, shares of non-resident corporations, interest in non-resident trusts and real property.

MOTOR VEHICLES

You are required to use a log book unless your vehicle is used 100% business purposes. At anytime, up to 7y years after the date of your return, CRA can demand that you produce your log book.

Kilometer Rate for 2014

First 5,000 km - \$0.54/km
Subsequent km - \$0.48/km

INVESTMENTS AND RRSPs

INVESTMENTS

If you have invested in Mutual Funds, you will be receiving a T3 slip. **These slips may not be issued until late March or early April.**

Management fees and interest on loans taken to make investments are deductible against your investment in-

come. Be sure to make provide applicable documents. Details will be required for any investment disposal to complete your tax return including proceeds, original cost, and date of sale.

RRSPs

Determining if you should purchase RRSPs this year

starts with determining the amount you are eligible to purchase. Check the amount available on your 2013 Notice of Assessment and deduct any contributions you have already made which are applicable to 2014. **The deadline for the purchase of RRSPs is March 1.**

RRSP purchase deadline is March 1

T3s may not be mailed until the end of March or beginning of April

RESP CONTRIBUTIONS



Your children, grandchildren, nieces and nephews, under the age of 18, can benefit from your planning if they are planning on continuing to a post-secondary education. The Federal Government supports an annual

matching grant; the Canada Education Savings Grant (CESG). Contributions can be made at any time during the year; a minimum of \$2,500 per year is required to earn the maximum grant. The maximum lifetime grant

the Government of Canada can give your child through the CESG is \$7,200. While there is no longer an annual limit, there is a lifetime contribution limit of \$50,000.

PERSONAL TAX CREDITS AND OTHER DEDUCTIONS

Here are some of the more common credits and deductions available:

- Disability tax credit requires credit certificate
- Tuition and Education Credit. Paid for yourself, or transferred from spouse or child. To transfer, transferee must sign back of T2202A.
- Caregiver Amount. If a parent over 65 years of age, or other family

member over 18, who is dependent due to mental or physical infirmity, lived with you during the year you can claim a personal amount. The income of the infirm person must be less than \$19,435 (line 236).

- Other Deductions and Credits
 - Moving expenses
 - Child care expenses
 - Transit pass credit

- Child fitness tax credit
- Carrying charges
- Political donations
- Interest paid on student loan
- Volunteer firefighter credit
- Working tax credit
- **NEW** Adoption tax credit increased to a maximum of \$2,250
- **NEW** Search and Rescue Volunteer tax credit



CHARITIES

You can reduce your tax bill by making charitable donations. To ensure that your donation will be eligible for a tax deduction, ensure that the charity is currently a registered charity with the Government of Canada. You can search for Canadian Registered Charities or go to

<http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html> for a listing to search.

Donations must be made by December 31 to qualify for that year. You should receive your donation receipt

in the early part of the new year.

Any amounts that are not applied to this year, are carried forward up to five years.

Donations to charities are eligible for deduction up to five years after the donation is made

GST/HST CREDIT ADMINISTRATION

One of the changes the Government made with the 2014 budget was in regards to the administration of the GST/HST Credit. Previously, individuals had to apply for the GST/HST Credit on their income tax return.

The government has taken over this determination and will automatically decide if an individual is eligible to receive the GST/HST Credit.

A notice of determination will be sent to each individual who is eligible for the GST/

HST Credit.

This change is apply for income tax returns starting in 2014 and all subsequent years.

