



# Year End Tax Planning

*December 31, 2017 is fast approaching...see below for a list of tax planning considerations. Please contact us for further details or to discuss whether these may apply to your tax situation.*

## **SOME 2017 YEAR END TAX PLANNING TIPS INCLUDE:**

1) Certain expenditures made by individuals by December 31, 2017 will be eligible for 2017 tax deductions or credits including: moving expenses, child care expenses, charitable donations, political contributions, medical expenses, alimony, eligible employment expenses, union, professional, or like dues, carrying charges and interest expense. Ensure you keep all receipts that may relate to these expenses.

3) If you own a business or rental property, consider paying a reasonable salary to family members for services rendered. Examples of services include website maintenance, administrative support, and janitorial services. Salary payments require source deductions (such as CPP, EI and payroll taxes) to be remitted to CRA on a timely basis, in addition to T4 filings.

4) A senior whose 2017 net income exceeds \$74,788 will lose all, or part, of their Old Age Security. Senior citizens will also begin to lose their age credit if their net income exceeds \$36,430. Consider limiting income in excess of these amounts if possible. Another option would be to defer receiving Old Age Security receipts (for up to 60 months) if it would otherwise be eroded due to high income levels.

5) You have until Monday, March 1, 2018 to make tax deductible Registered Retirement Savings Plan (RRSP) contributions for the 2017 year. Consider the higher income earning individual contributing to their spouse's RRSP via a "spousal RRSP" for greater tax savings.

6) Individuals 18 years of age and older may deposit up to \$5,500 into a Tax-Free Savings Account in 2017. Consider a catch-up contribution if you have not contributed the maximum amounts for prior years. Contribution room can be found online, on CRA's My Account.

7) A Canada Education Savings Grant for Registered Education Savings Plan contributions equal to 20% of annual contributions for children (maximum \$500 per child per year) is available. In addition, lower income families may be eligible to receive a Canada Learning Bond.

8) A Registered Disability Savings Plan (RDSP) may be established for a person who is under the age of 60 and eligible for the Disability Tax Credit. Non-deductible contributions to a lifetime maximum of \$200,000 are permitted. Grants, Bonds and investment income earned in the plan are included in the beneficiary's income when paid out of the RDSP.

9) Consideration may be given to selling non-registered securities, such as a stock, mutual fund, or exchange traded fund, that has declined in value since it was bought to trigger a capital loss which can be used to offset capital gains in the year. Anti-avoidance rules may apply when selling and buying the same security.

10) Consider restructuring your investment portfolio to convert non-deductible interest into deductible interest. It may also be possible to convert personal interest expense, such as interest on a house mortgage or personal vehicle, into deductible interest.

*We recommend that you obtain professional advice before acting on information contained in this newsletter.*

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11) Canada Pension Plan (CPP) receipts may be split between spouses aged 65 or over (application to the CRA is required). Also, it may be advantageous to apply to receive CPP early (age 60-65) or late (age 65-70).

12) Teacher and early childhood educators – A federal non-refundable tax credit of 15% on purchases of up to \$1,000 of eligible school supplies by a teacher or early childhood educator used in the performance of their employment duties may be available. Receipts for school supplies will be required.

13) Home accessibility tax credit – A federal non-refundable tax credit of 15% on up to \$10,000 of eligible expenditures (renovations to a qualified dwelling to enhance mobility or reduce the risk of harm) may be available each calendar year, if a person 65 years or older, or a person eligible for the disability tax credit, resides in the home.

14) Did you incur costs to access medical intervention required in order to conceive a child which was not previously allowed as a medical expense? Due to a change in law, some of these expenses for the previous 10 years may now be eligible (amounts incurred in 2007 must be claimed by the end of 2017).

15) For individuals who have not yet claimed charitable donations, consider making a donation of up to \$1,000 in order to get a “super charged” donation credit.

16) A number of employment insurance (EI) changes have been enacted effective December 3, 2017. These include a new caregiving benefit for up to 15 weeks for those who are temporarily away from work to support or care for a

critically ill or injured family member, the option to extend the parental benefit for up to 18 months (from the current 12 months) and the ability to claim EI benefits up to 12 weeks before a mother’s due date (from the current 8 weeks).

17) If EI premiums were paid in error in respect of certain non-arm’s length employees, a refund may be available upon application to CRA.

18) Consider purchasing assets eligible for capital cost allowance (CCA) before the year-end. A half-year of depreciation deduction is allowed for most assets even if it was purchased just before the year-end.

20) Employers of eligible apprentices are entitled to an investment tax credit. Also, a \$1,000 Incentive Grant per year is available for the first and second year as apprentices. A \$2,000 Apprenticeship Completion Grant may also be available.

21) If income, forms, or elections have been missed in the past, a Voluntary Disclosure to the CRA may be available to avoid penalties. Effective January 1, 2018, CRA has proposed to tighten the program so greater relief may be available if disclosure is made before the end of the year.

22) Are you a U.S. Resident, Citizen or Green Card Holder? Consider U.S. filing obligations with regards to income and financial asset holdings. Filing obligations may also apply if you were born in the U.S. Information exchange agreements have increased the flow of information between the CRA and the IRS. Collection agreements enable the CRA to collect amounts on behalf of the IRS.

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