

The TaxLetter®

Vol. 35, No. 2

Your Guide to Tax-Saving Strategies

February 2017

TAXSTRATEGY

Filing Tips for 2017

Savings can be made

Samantha Prasad LL.B.

2017 is a brand-new year and with it is bound to come new things. And while some new things can bring chaos (e.g. new U.S. president and the political landscape south of the border), it's the hope that other new things can bring a sense of order. So, I thought that I would highlight some of the new changes for the 2017 tax-filing season which are meant to be "new and improved," as well as some tips on making your life less chaotic around the tax season.

New benefits and credits

☛ The new Canada child benefit (CCB) is a tax-free monthly payment made to eligible families to help them with the cost of raising children under

the age of 18. The CCB is meant to replace the Canada child tax benefit, national child benefit supplement and the universal child care benefit.

☛ If you have lived, on a permanent basis, in a prescribed northern or intermediate zone for a continuous period of at least six consecutive months, you may be eligible for a northern residents' deduction. For 2016 and later years, the basic and the additional residency amounts used to calculate the northern residents' deductions will be increased from \$8.25 to \$11 per day.

☛ Eligible educators may be able to claim a 15 per cent refundable tax credit based on up to \$1,000 of eligible teaching supplies bought during the tax year.

New CRA services

☛ Express Notice of Assessment – This new service delivers an instant assessment result message and provides a

notice of assessment directly to your certified tax software the next day. To use the service, you must be registered for online mail and file electronically, using a certified tax software.

☛ Account alerts – As a fraud prevention measure, this new service notifies you by email when an address has changed, banking information for direct deposit has changed, or if mail sent to you by the CRA was returned. You may register for this service through My Account or MyCRA mobile app.

☛ Link between My Account and My Service Canada Account (online sign in) – You can now access these two accounts through a single sign-in session.

☛ MyBenefits CRA mobile app – You can use the CRA's new web-based mobile app to securely view your next benefit payment dates and amounts, the status of your CCB application, update your marital status, and change information about children in your care.

Enhanced services

☛ Online mail – This service provides the option of signing up to receive certain CRA correspondence in your secure, online CRA My Account instead of by paper mail. Throughout 2016, additional types of correspondence were added to the online mail service, including benefit notices and slips, and instalment reminders.

☛ Community Volunteer Income Tax Program (CVITP) –

Samantha Prasad, LL.B., is a tax partner with the Toronto-based law firm Minden Gross LLP, a member of Meritas Law Firms Worldwide, and a Contributing Editor of The TaxLetter, published by MPL Communications.
sprasad@mindengross.com

The CVITP helps Canadians with modest income and THOSE in a simple tax situation by preparing their tax returns free of charge. In order to expand this program to more communities, the CRA recruited more organizations and volunteers to help such Canadians do their taxes and ensure they are receiving the credits and benefits they are eligible for.

☞ Auto-fill my return – Enhancements to this service include extended log-in sessions so you can stay logged into the service for a longer period than before, more tax slips, and the use of the service for previous-year returns.

☞ MyCRA mobile app – The MyCRA mobile app now allows you to update your marital status and sign up for account alerts.

Other changes

☞ Income splitting tax credit – The family tax cut has been eliminated for the 2016 year and future tax years. However, if you are receiving a pension, you may be able to split your eligible pension income with your spouse or common-law partner to reduce your taxes.

☞ Children's fitness tax credit – For 2016, the maximum eligible fees in the year is reduced from \$1,000 to \$500, though the additional amount of \$500 for children eligible for the disability tax credit has not changed. Therefore, the maximum credit is reduced to \$75 (\$150 for a child eligible for the disability tax credit).

☞ Children's arts tax credit – For 2016, the maximum eligible fees in the year is reduced from \$500 to \$250; the additional amount of \$500 for children eligible for the disability tax credit will not change. Therefore, the maximum credit is reduced to \$37.50 (\$112.50 for a child eligi-

ble for the disability tax credit).

☞ Home accessibility tax credit (HATC) – For 2016 and subsequent tax years, you can claim a non-refundable tax credit for eligible expenses incurred for work performed, or goods acquired for a qualifying renovation of an eligible dwelling of a qualifying individual.

☞ Reporting the sale of your principal residence – Starting with the 2016 tax year, you are required to report basic information (date of acquisition, proceeds of disposition (e.g. sale) and address) on your tax return when you sell your principal residence to claim the full principal residence exemption. You do not have to pay tax on any capital gain when you sell your house, as long as it was your principal residence for all the years you owned it and you did not use any part of it to earn income.

Oldies but Goodies – Filing Tips

Investment carrying charges

Most investment-related carrying and financial charges are deductible if incurred to earn income, including investment counsel and safety-deposit box charges. Check your bank statements for investment or business-related service charges such as certification or overdraft charges, charges for new cheque-books for your investments, and so on. Also, make sure you've picked up all expenses on your brokerage statements, such as interest on margin accounts or late payments on stock purchases. Although brokerage fees themselves are not immediately deductible, they reduce your capital gains exposure when you sell.

Another possibility is interest which became payable in 2016 on an investment or business loan, even if you couldn't

make the actual payments, and if you regularly deduct interest in the year it becomes payable.

Taxable benefits on interest-subsidized loan

If a taxable benefit has been added to your T4 as a result of an interest-subsidized loan from your employer, you may be able to claim an offsetting deduction if the funds were used for income-earning purposes. This could be the case, for example, if you are a member of an employee share-purchase plan and you used the loaned funds towards the purchase of shares under such a plan.

Tax-return preparation fees

If you pay to have your tax return prepared and part of the fee relates to accounting charges for detailing your investment or business income, this portion of the fee should be deductible. Ask your accountant to send you a separate bill for these charges to back up the deduction. In many cases, the lion's share of the charges may relate to these fees. In fact, if your business or investment activities are extensive, you should be able to successfully claim a deduction for the entire tax-return fee.

Get your GST Back

If you're allowed to deduct employment expenses (e.g., automobile, home office, and so on) you can claim a GST rebate to recover the GST included in the price of goods and services on which you have claimed a deduction. A similar rebate applies if you earn income from a partnership registered for GST. In both cases, you can recover the GST you pay on expenses you deduct personally by filing form GST 370, Employee and Partner Goods and Services Tax Rebate, with your T1 return. □