



I want the facts – the tax facts
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It's that time of year when everyone is thinking about their taxes. And everyone wonders what is new this year compared to other years. Let's start by discussing what's been in the news lately. Many news agencies have been reporting that taxpayers are receiving their refunds in installments starting in July and continuing until next June. To clarify, if you are due a refund because you paid more to the government in 2011 via your paycheques or contributed to an RRSP, etc., you will receive your refund in the same timeframe as last year. It's normally 10 to 15 business days after electronic filing, or three to six weeks after paper filing.

What *is* new for this year is the Ontario Trillium Benefit. This is the combination of the Province of Ontario tax credits (comprising the Ontario Sales Tax Credit, the Ontario Property and Energy Tax Credit and the Northern Ontario Energy Tax Credit). The new Ontario Trillium Benefit will be paid monthly to taxpayers who are eligible based on the previous year's tax filings. Monthly payments better match when people incur these costs. In the past, these refundable tax credits were paid once a year through the tax return filing process. Some taxpayers may either have no refund or taxes owing on their personal tax return this year due to

the change in the administration of these credits.

Here are the federal budget highlights that may affect your 2011 return

- ❖ Budget 2011 introduced a new Family Caregiver Tax Credit. This is a 15 percent non-refundable credit on an amount of \$2,000 to provide tax relief to caregivers of all types of infirm dependent relatives including, for the first time, spouses, common-law partners and minor children. It's an additional credit to those currently available. The budget also removed the limit on the amount of eligible expenses that caregivers can claim under the Medical Expense Tax Credit in respect of financially dependent relatives.
- ❖ New as well is a 15 percent Children's Arts Tax Credit, provided on up to \$500 of eligible expenses for programs associated with children's artistic, cultural, recreational and developmental activities.
- ❖ For our communities, there is a Volunteer Firefighters Tax Credit for volunteer firefighters who perform at least 200 hours of service for their communities. Eligible volunteer firefighters who

currently receive honoraria in respect of their duties as volunteer firefighters will be able to choose between the new tax credit and the existing tax exemption of up to \$1,000 for honoraria.

- ❖ The budget also encourages skills certification by making all occupational, trade and professional examination fees eligible for the tuition tax credit.

Tax planning

You may want to know some ways to minimize your taxes. Are you aware of the rules surrounding medical expenses? If you travel more than 40km to a specialist, hospital visit, or any type of medical treatment, you can claim mileage at 57 cents per kilometer. If you are travelling more than 80km for the same purpose, you can claim hotel bills, and meals. Did you know that an air conditioner may be a medical expense for someone who has a breathing condition? There are many other medical expenses that are missed because a taxpayer is not aware of the rules of eligibility.

As the population is aging, many taxpayers are taking care of loved ones in their homes. The caregiver tax credits can help in some cases, but don't forget about the Disability Tax Credit. The name may be a bit of a misnomer. Many taxpayers think of a "disability" in the traditional sense of the word -- for instance, someone who is visually or hearing-impaired, or paraplegic, etc. However, the more generous definition from the Canada Revenue Agency also includes those who are receiving life-sustaining treatment (e.g. dialysis), someone who does not have the necessary mental functions (e.g. Alzheimers or dementia), or someone who is markedly restricted in their daily activities (e.g. cannot walk 100 meters

without assistance or stopping and resting).

So don't delay -- get your income tax papers together so that you can see how these "tax facts" may lead to more of a tax refund for you this year!

Janet McGhee is a Chartered Accountant with offices in Port Perry and Uxbridge, providing personal and business accounting and tax services. She is also a member of the Uxbridge Chamber of Commerce. Janet can be reached through email at janet@janetmcghee.ca or by phone at 905-985-0006.