

TAX

Planning Letter



Ying Yang, Chartered Professional Account, Inc.
info@yangaccounting.ca

Midyear 2015

In this letter

- Client Letter
- For favourable tax results in 2015, schedule a midyear planning review, including several sections for both individuals and business
 - ❖ New issues of 2015
 - ❖ RRSP, TFSA, First time home purchase
 - ❖ Investment (Capital gain --50% taxable or Income --100% taxable)
- Midyear Tax update
- To itemize or not: That is the question

Dear My Friends,

It is the end of July, the Canadians will go to the polls for the next federal election on Oct. 19, 2015. So the presidential election is already dominating Ottawa's agenda, other matters are receiving less attention than getting tax credits for financing the political process now.

Canada Revenue has not had the best of years. Faced with two major tasks --controlling the increasing number of tax scams and identity theft schemes, which I have already email to my clients and I will publish the ways to protect yourself later.

What the current situation makes clear is that taking steps to minimize your tax bill is entirely up to you. The first step in the process is to make time to do a midyear tax review. Once you know where you stand, you can explore those options that will deliver the best tax-saving results for 2015.

Use this letter to start your midyear review, then contact our office to discuss what additional steps you can take to keep your taxes as low as the law allows.

For favourable tax results in 2015,

-----schedule a midyear planning review

Favourable tax results begin with planning ---and planning midyear gives you ample opportunity to start trimming this year's tax bill. Here are suggestions to get you started.

Section #1 --Two new issues for 2015

▪ Getting tax credits for financing the political process

No matter who will win and how they are running their campaigns, they all are seeking contributions for their national election campaign that means MONEY. Canadians who donate money to them can claim a federal tax credit for those donations.

According to the Income Tax Act, either candidates or registered political parties, registered 17 political parties in 2015, are eligible to receive the donations. Limits for individuals and corporations are different as follows:

Individuals

Effective as January 1, 2015, individuals can donate no more than:

- \$1,500 to each registered political party in any calendar year;
- \$1,500 in total to the various entities of each registered political party --including registered associations, nomination contestants and candidates;
- \$1,500 in total to the leadership contestants in a particular leadership contest.

An individual could donate \$4,500 totally. Remember, only the tax credits are eligible to the registered political party or an official candidate.

The federal political credit is up to \$650--non-refundable, and based on the different contribution levels--the credit percentage decreasing as contributions amounts increasing. The maximum credits are obtained as the contribution levels reach \$1,275.

Any volunteers who contribute their time during the election without tax receipts are unable to claim tax credit for any non-monetary contribution.

Corporation

Generally, corporations are permitted a deduction in its income, and the types of donation that provide a corporation with this deduction are the same the types of donation that provide an individual with a tax credit, but more complicated. Specifically, limits for corporation are as follows:

- up to 75% of the corporation's net income for tax purpose
- up to 100% of the amount of a taxable capital gain in respect of gifts of appreciated capital property
- up to 100% of any CCA recapture arising on the gift of depreciable capital property.

Strongly recommend that any donations or gifts should be discussed with a professional accountant , in order to maximum the tax credit through carry forward the total amount rather than in the given year.

REMINDING, to be deducted both for individuals and the corporations, a donation MUST be proven.

▪ **Universal child care benefit (UCCB) and Canada child tax benefit (CCTB)**

There are two benefits for child in Canada: Canada child tax benefit (CCTB)--a tax-free monthly payment to eligible families, and Universal child care benefit (UCCB)--a taxable benefit to support child care.

Universal child care benefit (UCCB)

Effective as January 1, 2015, the UCCB was expanded a new benefits for children aged under 6, and 6 through 17.

- ❖ Under aged 6, parents will receive \$160 per month for each child
- ❖ Between aged 6 and 17, parents will receive up to \$60 per month for each child.

In order to receive UCCB, you should qualify and meet the conditions as follows:

1. You must live with the child, and the child must be under the age of 18
2. You must be the person who is primarily responsible for the child's care and upbringing. (call us as you are not clear this item, info@yangaccounting.ca, 847-989-1276)
3. You must be a resident of Canada
4. You or your spouse or common-law partner must be a
 - Canadian citizen
 - Permanent resident
 - Protected person
 - Temporary resident

(All deformations above are defined in the related Canadian Acts)

What time should you apply the UCCB:

- ❖ Your child is born;
- ❖ A child starts to live with you; or
- ❖ You became a resident of Canada.

There are some questions regarding the UCCB payments:

- ❖ The UCCB payments are unable to pay off your outstanding debt with the CRA or another federal department or agency.
- ❖ You are expected to receive the response from CRA within 80 days.

Canada Child tax benefit (CCTB)

The Canada child tax benefits is a tax-free monthly payment made to eligible families to help them with the cost of raising children under age 18. The CCTB contain two parts:

- ❖ National child benefit supplement
- ❖ Child disability benefit (CDB)

The national child benefit is a joint initiative of the federal, provincial, and territorial governments in July 1998. The purpose is reduce the child poverty. In order to receive this benefit, you should file income tax return, that is used to calculate your CCTB payments, on time every year, even if you do not have any income.

The Child Disability Benefit is a tax-free benefit for families who care for a child under age 18 who is eligible for the disability amount. The child has a severe and prolonged impairment in physical or mental functions, and CRA approves it. The CDB is paid monthly, and the disability amount \$7,766 can be claim in your tax return of 2015.

YY 2015

NOTE:

This newsletter is published first to provide you with information about minimizing your taxes and maximizing your return. Do not apply this general information to your specific situation without additional details that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact with us.

yy@yangaccounting.ca
289-291-3924
647-989-1276