



# *Michael's Tax Tips & Updates*

*taxation news and information bulletin*

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**December 2012**

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## **Individuals**

- Seniors who will turn 71 by the end of the year must convert their RRSP to some form of retirement income, like a Registered Retirement Income Fund (RRIF).
- Splitting the Canada Pension Plan benefits between you and your spouse or common-law partner may help reduce the clawback of your OAS or increase the Age Amount you can claim. You must apply for pension sharing and it is not the same as pension income-splitting.
- The Province of Ontario has announced a 30% tuition rebate for eligible students enrolled at a public college or university. You must meet the eligibility requirements and apply for the rebate. If you have applied for an OSAP loan you will automatically be considered for this rebate.
- Amounts paid for a child's private education are not deductible under the Income Tax Act. Section 63 does allow a taxpayer a deduction for child care expenses. Therefore if an educational institution provides a separate or additional program of child care as well as an education program then the part of the fees relating to the child care would qualify as a child care expense.
- The maximum Registered Retirement Savings Plan (RRSP) limit for 2012 is \$22,970. Contributions can be made up to 60 days after the end of the calendar year.
- The tax free savings account (TFSA) limit has been increased for 2013 to \$5,500 from \$5,000 in the previous years. Remember unused contribution room carries forward to subsequent years.
- On June 27, 2012 the CRA announced it is discontinuing its TELEFILE service which allowed individuals to file a simple tax return over the phone.
- A person who turns 19 years of age before April 1, 2013 will be eligible for the GST/HST credit based on their 2011 income tax return.
- In the case of a separation or divorce you may advise the CRA of the change in writing on Form 65. This assists the CRA in correctly changing credits such as GST/HST, and the Canada Child Tax Benefit.
- Don't forget that for the 2012 taxation year the Province of Ontario has introduced a "temporary" 2% surtax on individuals earning more than \$500,000 a year.

## **Additional tax considerations**

- December 31, 2012 - last day to ensure tax-deductible fees, charitable donations and medical expenses for the current tax year have been paid.
- February 28, 2013 - last day to issue T4's, T4A's and T5's to individuals and CRA.
- March 1, 2013 - last day to make personal and spousal RRSP contributions applicable to the previous taxation year.
- April 30, 2013 - deadline to file personal income tax returns for the previous taxation year and remit any balance owing.
- June 15, 2013 - deadline for personal tax returns of individuals with self-employed business income, or spouses or common-law partners of taxpayers with self-employed business income. (Payment of tax balance still due April 30th).
- CRA notes a new administrative policy for joint ventures requiring each participant in a J/V to calculate its net income from the J/V for the period ending on the participant's fiscal year end. This policy is effective for years ending after March 22, 2011.
- The CRA has introduced a quarterly remitter initiative for employee deduction payments. This initiative is available to qualified employers who average monthly withholding amounts are less than \$3,000 in the preceding calendar year and have a perfect compliance history on employer and GST/HST accounts.
- The Income Tax Act holds directors of a corporation personally responsible for unremitted GST/HST, payroll withholdings, and interest and penalties. Because a "director" is not defined in the Act, this could include de jure directors (lawfully appointed) as well as de facto directors (persons acting as directors).

## **Businesses**

- The Workplace Safety and Insurance Board (WSIB) have announced a premium rate increase of 2.5% across the board for 2013. This move is in part to eliminate its unfunded liability of \$14.2 billion by the year 2027.
- The WSIB has also announced changes to those employed in the construction industry. Starting January 1, 2013, independent operators, sole proprietors, partners in a partnership and executive officers in a corporation working in construction will be required to have WSIB coverage. Executive officers and partners whose businesses are already registered will have to begin reporting their own earnings and pay premiums effective January 1, 2013.

**Avoid the rush. Remember to book an appointment early for your personal tax preparation services. A personal tax checklist is available on our website for your convenience.**

**Visit our website at:  
[www.michaelolearycga.com](http://www.michaelolearycga.com)**

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