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2017 Federal Budget Highlights

No Change to a Number of Rumored Items: The capital gain inclusion rate (currently at 50%), the principal residence exemption, and employer provided health plans all remain untouched at this time.

Public Transit Credit & Home Relocation Loan

Deduction: The 2017 budget includes the elimination of the public transit credit and, in 2018 and subsequent years, the home relocation loan deduction. Existing home relocation loans will continue to have the taxable benefit, but will not be eligible for the deduction.

GST on Ride-Sharing Services: Commencing July 1, 2017, ride-sharing services (i.e. UBER), will be required to charge GST (and HST, as applicable).

Disability Tax Credit: Effective March 22, 2017, nurse practitioners will be added to the list of qualified professionals who may certify the T2201 Disability Tax Credit form. This 15% federal non-refundable tax credit offsets the financial impact of medical conditions which markedly restrict daily living activities.

Tuition Fee Amount: The tuition fee amount is being extended to include fees paid to organizations providing occupational skills courses which are not at a post-secondary level, provided the courses are taken for the purpose of providing or improving skills in an occupation. The student must be at least 16 years of age. This measure will apply to 2017 and future years.

Canada Caregiver Tax Credit: In the 2017 tax year, this new credit will replace the **Infirm Dependent Credit for Adults other than a Spouse, the Caregiver Credit, and the Family Caregiver Tax Credit**. Notably, it will not be extended to those who give care in their home for parents age 65 or older who are healthy, and in order to make this claim, there will no longer be a requirement for the infirm person to live with the supporting person.

The amounts to be claimed are as follows:

- \$6,883 for infirm parents, grandparents, siblings, aunts, uncles, nieces, nephews, adult children of the claimant or of the claimant's spouse/common law partner.
- \$2,150 for infirm spouse or common law partner for whom a spousal amount is claimed, a dependent claimed for the eligible dependent amount, or an infirm minor child.
- The amount will be reduced dollar for dollar when net income is above \$16,163.

Small Business Corporations: The government is planning to review the tax planning strategies common to small business corporations over the next several months to review:

- The sprinkling of income amongst family members via dividends and capital gains.
- The benefits of holding a passive investment portfolio inside a private corporation.
- The converting of salary or dividend income into capital gains.

The information contained in this publication is intended to serve as a general guide. Although great care has been taken to ensure the accuracy of the information, readers are urged not to make financial decisions based solely on the information contained herein, but to seek the advice of competent professionals

Tax Cheats – What the CRA Can Do

- ✓ **No one ever goes to jail for not filing a tax return.**

FACT: People go to jail. Sentences can be a maximum of two years for each summary conviction, and up to five years for each conviction or indictment.

- ✓ **If the CRA hasn't questioned your return for four years, you got away with it.**

FACT: If there is evidence of fraud or misrepresentation of income, the CRA can come after you at any time for any tax year.

- ✓ **If you transfer your assets into your spouse's name, the CRA won't be able to take anything.**

FACT: If the transfer of assets is made after there is tax owing, your spouse will share your responsibility for paying the tax, up to the fair market value of the assets he or she received from you.

- ✓ **The CRA cannot order your bank to provide records of your financial transactions without your permission.**

FACT: The Income Tax Act gives the Agency the power to require information about you from any source it chooses. If requested by the CRA, banks and credit card companies, among others, are required by law to provide records of your transactions. There is no requirement to inform you or seek your permission.

- ✓ **The CRA has to notify you if they have registered a lien against your home or other property.**

FACT: When collecting tax, and especially if there is a concern you may sell or mortgage your property in an attempt to avoid paying taxes, the CRA has the power to seize assets and register a lien against any property you own, without notifying you.

Tax Credits & Rebates for Homeowners

- If you just purchased a house and haven't owned one in the previous 4 years, you are eligible to receive the Home Buyers' Tax Credit of 15% (enter \$5,000 on Line 369 of your tax return).
- Before starting a major renovation, obtain an ecoENERGY assessment from a certified energy advisor. You will pay about \$1,000 for before-and-after-audits, but provincial rebates can reimburse you for up to \$500 of these costs.

- Renovations which make a home safer or more accessible for seniors and the disabled, which include the installation of grab bars and hand rails, the construction of walk-in or wheel-in showers, and widening doorways and lowering cabinets, qualify for a new tax credit (15% rebate, up to a maximum of \$10,000).
- Depending on where you live, you can cash in on a number of provincial rebates, including up to \$3,250 for improving insulation, \$300 for installing a gas fireplace, up to \$500 for replacing windows and doors, \$50+ for each new appliance, and up to \$500 for draft-proofing your home.

TFSA Annual Limits

Years	TFSA Annual Limit	Cumulative Total
2009-2012	\$5,000	\$20,000
2013	5,500	25,500
2014	5,500	31,000
2015	10,000	41,000
2016	5,500	46,500
2017	5,500	52,000

- Your TFSA contribution room is updated by the end of March each year, and can be seen through CRA's **My Account**, (<http://www.cra-arc.gc.ca/esrvc-srvce/tx/ndvdl/myccnt/menu-eng.html>), or you can phone CRA to get the balance.
- Withdrawals create additional contribution room equal to the amount of the withdrawal, for deposits **in future years** (not in the year of the withdrawal).
- Losses on investments within a TFSA **do not** increase the amount of your available contribution room.

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