

Goods and Services Tax highly complex

By MURRAY RUMACK, CA
The new Goods and Services Tax is not yet law, but plans are to have it take effect next January 1 - and Canadians had better brace themselves.

With a few specific exceptions, the 7 per cent GST will apply to virtually every product - domestic and imported - and to every service, sold in

Canada.

It's a highly complex tax, but the bottom line is that the end user; the consumer, is the one who pays the whole shot.

That's the bad news. But there's also a shred of good news.

To compensate, lower-income Canadians, an offsetting GST credit will be paid in advance every three

months, with the first cheque due to go out this December.

How much this credit will be depends on individual circumstances like age, whether married or single, number of children and amount of net income.

For example, a single person of 19 or older with no children and net income between \$14,000 and \$20,000 qualifies for a maximum credit of \$290. As net income increases, and depending on dependents, the sales tax credit gradually decreases, and disappears altogether when the net income reaches \$35,000.

So suppose you qualify for the \$290 credit, then you'll get your first instalment cheque for \$72.50 in December this year and cheques for similar amounts every three months thereafter.

The one snag here is that you won't get any credit at all - even if you qualify - unless you have applied for it. It does not come automatically.

And the time to apply was when you were filing your 1989 income tax return, which had a special application form attached.

However, if for some reason you did not complete and file this special form with your tax return, all is not lost. There is still time to remedy the situation. It is important to realize that one does not have to be classified as a taxpayer in order to apply for the G.S.T. credit. Anyone may - and should - apply, even if they have no earnings and no income tax to pay. Simply pick up a 1989 tax guide at any Post Office or Revenue Canada office and open it to page 46. Facing this page you'll find a green form, T1 GSTC, headed "The proposed federal goods and services tax

credit."

The first side tells you how it works, who applies and describes terms used in the form. Flip it over and fill our Area D (family information) and Area E (income information). Sign it, add the date and make sure to include your social insurance number. Next mail it to Revenue Canada with a note showing your name, address and (again) your social insurance number. And that's it.

One nice bonus is that you don't have to pay tax on your credits.

For CA's advice on TV - see Your Wealth, available on Broadcast channels in Ontario and on satellite across Canada, or see Money in the Bank, on your community cable channel.

Moneycare is general financial advice by Canada's chartered accountants, Murray Rumack is with Ernst and Young.

Windows can serve a unique purpose

This article is provided by local Realtors and the Ontario Real Estate Association (OREA) for the benefit of consumers in the real estate market.

Unlike any other part of a home, windows serve a unique purpose; they are a major source of natural light and fresh air, and they provide us with a view of the outdoors. Several types of windows can be found in both old and new homes, including fixed windows (with no moving parts), horizontal sliding windows, casement windows, and double-hung sash windows.

If you're thinking of replacing your windows to improve energy efficiency, or adding windows to give your home a new look, there are several things you should keep in mind.

First of all, consider the type of window you want to install and what your budget limitations are.

If you intend to replace your present windows with larger ones, you should choose something that will blend in well with the existing windows and line up with either the tops or bottoms of the other windows. Consider how this will affect your home's appearance - both inside and out.

If you're going to be creating new window space, you should carefully consider the style, size and location and make sure the new additions complement the style of your house. Also consider the type of lighting you want these windows to supply and the effect you want to create. Windows help set the mood of a room, so if you want to achieve a distinctive look, make sure you choose the appropriate windows. And if you have a spectacular view you want to frame, make sure the window you choose will showcase it to your satisfaction.

Ventilation is another important factor to consider when choosing windows. Windows that are placed in a low position in a wall can help direct the incoming air flow downward. When open, windows that are placed opposite each other can create a continuous airflow.

You should also consider how the location of the new windows will affect the amount of heat your house will gain. For instance, windows that face north tend to be net energy losers, while those that face south (other than those that are single glazed) tend to be net gainers.

Many types of windows are available on the market today. Some have wooden frames that are clad in vinyl or metal; others are made of tough plastic or fibreglass. These types of windows generally require very little maintenance. Frames and sashes made from wood and plastic tend to have the best insulation value.

When choosing new windows, you'll undoubtedly want double or triple-glazed thermal units. The thickness of airspace between each layer of glazing determines the in-

insulating value of the unit and maximizes energy efficiency. Consider window units with a wider amount of spacing between the panes - three-quarters of an inch is about the maximum.

Low emissivity glass can also provide better energy efficiency. In cold climates, this type of glass has a thin metallic coating on the outer surface of the inner pane. (In hot climates the reverse is true.) This coating is designed to reduce heat loss.

COMPARE RATINGS

When shopping for windows, check the air leakage rate; obviously, a low rate will indicate that the unit is very energy efficient. Also check for resistance to water leakage and wind and be sure to examine and compare the insulating value, price, durability, and appearance.

The majority of windows available from building stores are prehung units which come complete with glazing, frame, weatherstripping, sash and all the necessary hardware.

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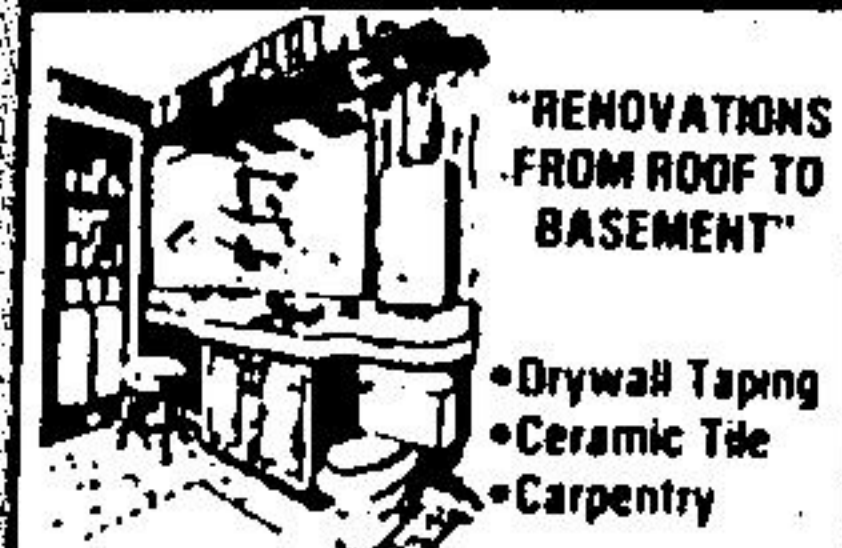
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