

## INTELLIGENT INVESTING

with  
**MIKE PHILIPS**



### Latin America - It's Time

With the recent signing of the North American Free Trade Agreement many investors have been in contact with me asking for specific recommendations on how to participate in the anticipated surge in the economies of Mexico and other Latin American countries.

Latin America's emerging economies are already experiencing an explosion of activity. Economic forecasts call for growth levels in the 5% range throughout the nineties and the best vehicle I have found for Canadian investors to capture this growth for their portfolios is the Canadian International Group's C.I. Latin American Fund.

The C.I. Latin American Fund pursues a strategy of aggressive growth in the first exclusively Latin American Equity Fund in Canada. The Fund has been structured to provide investors with maximum returns and rapid growth combined with a high level of portfolio diversification to minimize volatility. The Fund is actively managed by Emilio Bassini of BEA Associates, a team of proven professionals with a long track record of outstanding performance investing in Latin America.

Latin America has already begun to flex its economic muscle and some have compared the region's current state of development to that of the Pacific Rim five or six years ago. I believe that through C.I. Latin American Fund Canadian investors now have a direct pipeline to one of the best investment opportunities in the world today. Other important information including a simplified prospectus may be obtained by contacting the author.

**Cary Leon & Mike Phillips** are a full service financial advisors with First Maranthon Securities and can be reached at 855-8266. Call today and inquire about the "NO-FEE" self directed RRSP.

# TAX TOPICS

## QUESTIONS & ANSWERS ABOUT YOUR REFUND

**Q.** I am a commission salesman and would like to deduct office income expenses as employment expenses on my tax return. I heard that the rules for claiming these expenses have become quite strict and am wondering if I will be able to claim them?

**A.** It depends, since there are restrictions as to how the home office must be used. In order for you to claim the expenses, the home office must be either your principal place of employment, or be used exclusively for the purpose of earning income and be used on a regular and continuous basis for meeting customers for business reasons. In addition, you must attach a completed Form T2200 to make this claim.

**Q.** My employment contract requires that I pay certain expenses for which I am not reimbursed. I know that I can deduct them on my tax return but was wondering if I can register for the GST in order to recover the GST I paid on these expenses?

**A.** No. As an employee, you may not be a GST registrant. However, you can still recover the GST paid on your qualifying employment expenses by claiming a GST rebate on your income tax return. The rebate is claimed on line 457 by filling out Form GST 370. In the taxation year that you actually receive the rebate, you must declare it as income on line 104, except the portion which relates to the purchase of a vehicle or musical instrument.

**Q.** Is it true that senior citizens can no longer put their pension income into an RRSP?

**A.** Not necessarily. You can no longer transfer pension income to your own RRSP, but you may still transfer up to \$6,000 of periodic RPP or DPSP benefits (not Old Age Security or Canada Pension Plan benefits) to your legal or common-law spouse's RRSP, provided he or she was under age 72 throughout the year. After 1994, you will no longer be able to make this transfer. If you earned income last year, or have unused RRSP deduction room carried forward, you may also be able to contribute to your own RRSP, provided you are under 72 throughout the year.

**Q.** I was forced to sell my house at a loss when my employer transferred me to a different city. Can I claim this as a moving expense?

**A.** No, you cannot claim a loss on the sale of your principal residence. However, you can claim expenses related to the sale such as real estate commissions, legal fees, advertising, and mortgage penalties if your mortgages are paid off before maturity. You can also claim any legal fees and land transfer taxes incurred on the purchase of your new residence.

**Q.** Is it true that any investment expenses I claim will reduce the amount of a capital gains deduction I am entitled to?

**A.** Not necessarily. Your capital gains deduction is reduced only if your investment expenses from 1988 to the present exceed your investment income for the same period. Investment income and expenses for this purpose include income and losses from rental properties and limited and non-active partnership.

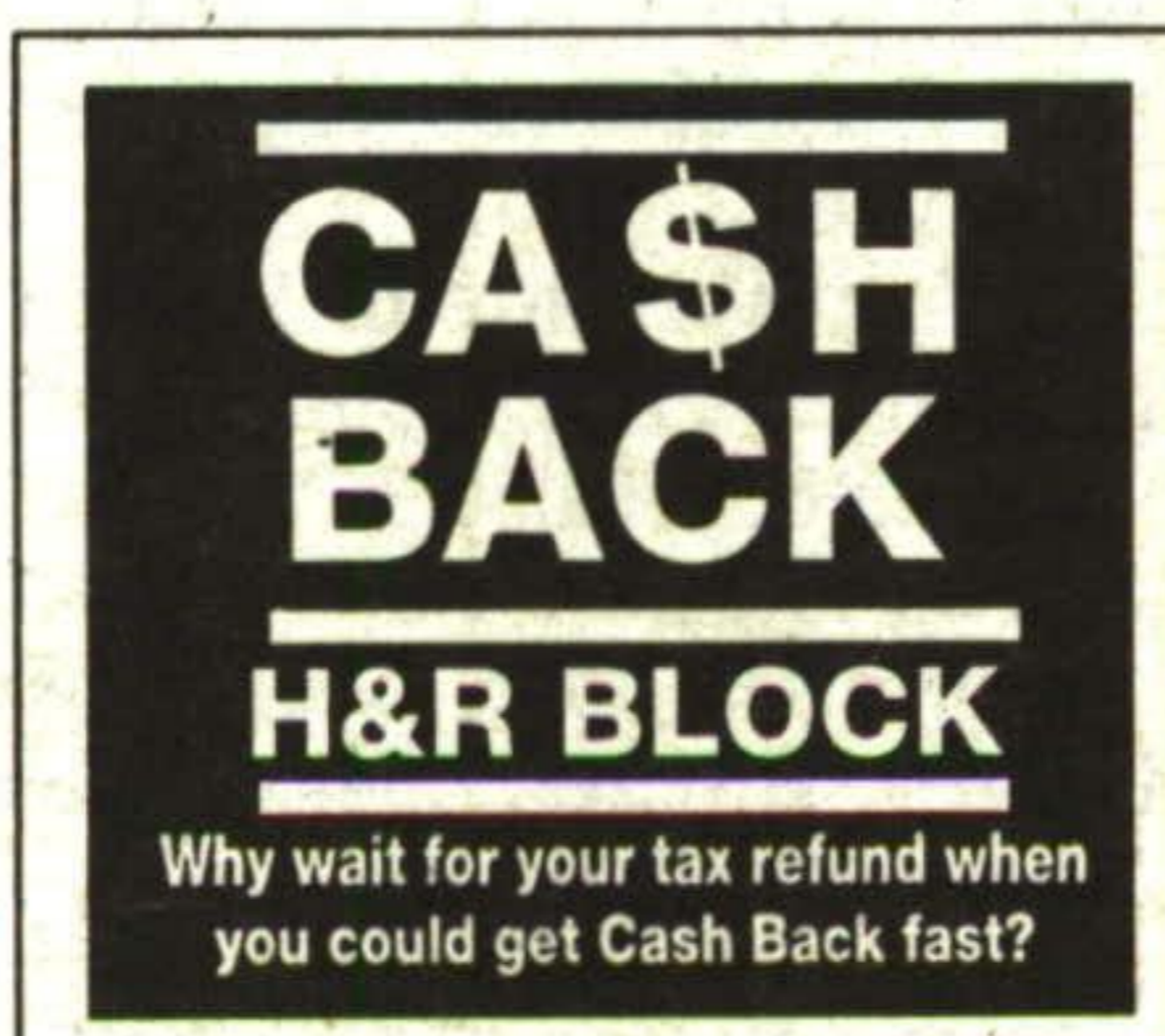
**Q.** I have two children, and live in a common-law relationship. Can you tell me how the new rules for common-law couples will affect me?

**A.** The new rules, which apply to 1993 and later taxation years, essentially treat common-law couples the same way as married couples. This means that you may now claim a spousal amount, if your spouse's income is not too high, and are entitled to make deductible contributions to a spousal RRSP. However, both you and your spouse's net incomes must be combined to determine eligibility for the GST credit, and neither you nor your common-law spouse are eligible to claim the equivalent-to-spouse amount for one of your children.

The implementation of any tax saving strategy is based on your personal financial situation. Professional advice should be obtained before implementing any of the suggestions contained herein.

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