

TAX TOPICS

QUESTIONS & ANSWERS ABOUT YOUR REFUND

The GST and employment expenses

If you are entitled to deduct employment expenses or professional dues on your tax return, you may be able to get back some or all of the GST you paid on those expenses.

GST rebate

Unlike the GST credit, which is available to every qualified taxpayer below a certain income level, the GST rebate is available only if you incurred GST on business expenses or professional dues which were deducted at line 212 or 229 on your T1. The amount is limited by the GST you actually paid, and is not dependent on your income. The rebate is claimed annually when you file your income tax return. Thus, if you had deductible employment expenses in 1993, you can claim the rebate in early 1994 when you file your 1993 return.

Unlike the GST credit, which is nontaxable, the GST rebate must be declared as income in the year it is actually received. This means that if you apply for a rebate on your 1993 tax return, which you receive in 1994, you must include that amount on your 1994 tax return.

For example, suppose that you are entitled to claim \$4000 (including GST) as employment expenses on line 229 of your 1993 income tax return. If all of these expenses are subject to GST, you can file for a GST rebate of \$262, (calculated as $\$4000 \times 7/107$, then rounded to the nearest dollar). If

Revenue Canada issues the corresponding refund or credit during 1994, you must include this amount on your 1994 return.

In order for you to be eligible for the GST rebate, your employer must be a GST registrant. Since the gross income threshold above which a business must register is only \$30,000, most employers will have registered. Your claim cannot include any expenses for which you were reimbursed by your employer, as your employer is entitled to claim the GST on these expenses via the input tax credit mechanism. Likewise, you cannot claim a rebate on expenses for which you received a taxable allowance unless your employer certifies that the company has not already claimed any input tax credits for them.

Capital cost allowance

Special rules apply claiming a rebate for GST on items subject to capital cost allowance. If you bought a new car on which you paid GST, a rebate may be claimed only with respect to the capital cost allowance (CCA) claimed, not for the GST paid on the purchase price as a whole. Also, in the year the rebate is received, the undepreciated capital cost (UCC) of the property must be reduced by the amount of the rebate, rather than being included in income.

For example, let's assume you purchased a new car in 1993 for \$20,000,

including GST, and you used the car 100% of the time for earning employment income. You would be able to claim a maximum CCA of \$3,000 for the car (calculated as $\$20,000 \times 1/2 \times 30\%$). The GST rebate on the \$3000 would be \$196 (calculated as $\$3000 \times 7/107$, then rounded to the nearest dollar). You may include the \$196 as part of your GST rebate for 1993.

After deducting the CCA claimed, your UCC on the vehicle is \$17,000. When you receive the rebate in 1994, the \$17,000 UCC must be adjusted downward by \$196 to \$16,804 before calculating the CCA for 1994. The balance of your rebate (the amount not applicable to CCA) must be reported in income on line 104.

Meals and entertainment

Some of your expenses may be for meals and entertainment. Since the tax deductible amount of these expenses is restricted to 80% of the total, the amount you claim for the GST rebate is likewise restricted to 80% of the GST paid.

It may help to consult with an expert in the field of taxation in order to help you account for those 1993 employment expenses on which the GST rebate may be claimed. In this way, you will have all the necessary information for calculating the GST rebate on your 1993 tax return.

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.



The wise traveller

As many of us begin making plans to head to sunnier climates, finding out about vaccination requirements and health precautions for our destinations may be the last thing we remember. Forgetting may have serious consequences.

The World Health Organization (WHO) works closely with the health authorities in all countries to identify and control illnesses. With the tremendous increase in the number of people traveling between countries, the speed of travel, and the difficulties of surveillance major challenges in controlling the international spread of diseases have resulted. However, the international travel and health regulations set by WHO, help prevent the international spread of diseases with the minimum of inconvenience to travellers.

One of the main ways to control this spread is through vaccinations. Some countries require the Yellow Fever vaccination by law for entry to their territory. WHO recommends other vaccinations for general protection against certain diseases and still other vaccination may be advisable in certain circumstances.

However, vaccination is by no means the only way to control the spread of diseases. Preventive medication, such as antimalarial medication, and avoidance of risky situations are the other main methods of staying healthy when travelling.

Which travellers should be concerned? As a rule of thumb, vaccination requirements and health advice depend on whether you are travelling to a low or high risk destination. Low risk destinations are most places in North America, Western Europe, Australia, and New Zealand. In addition, if you are travelling to other destinations and will be staying in a resort or urban area for less than one month, you are considered to be a low risk traveller. However, if you haven't had a tetanus, diphtheria and polio shot in the last 10 years you'll need a booster. You'll also need a check with your doctor to ensure you have immunity against mumps, measles and rubella.

Travel to areas outside those mentioned above makes you a higher risk traveller who may need more specific advice. For example, if your itinerary includes staying in India or backpacking around Africa, you'll need to start taking antimalarial medications prior to reaching your destination and continue to take them until four weeks after leaving that destination. And of course, if you're travelling to Mexico, Malaysia or India, to name a few areas, don't drink the water unless you're sure it is safe.

So where does a traveller get up-to-date travel and health information? The Halton Regional Health Department offers this information through CATIS, Computer Assisted Travel Information System. CATIS is staffed by Registered Nurses who will advise travellers about any vaccination requirements, preventive medications and special precautions to take while travelling based on your itinerary and health status.

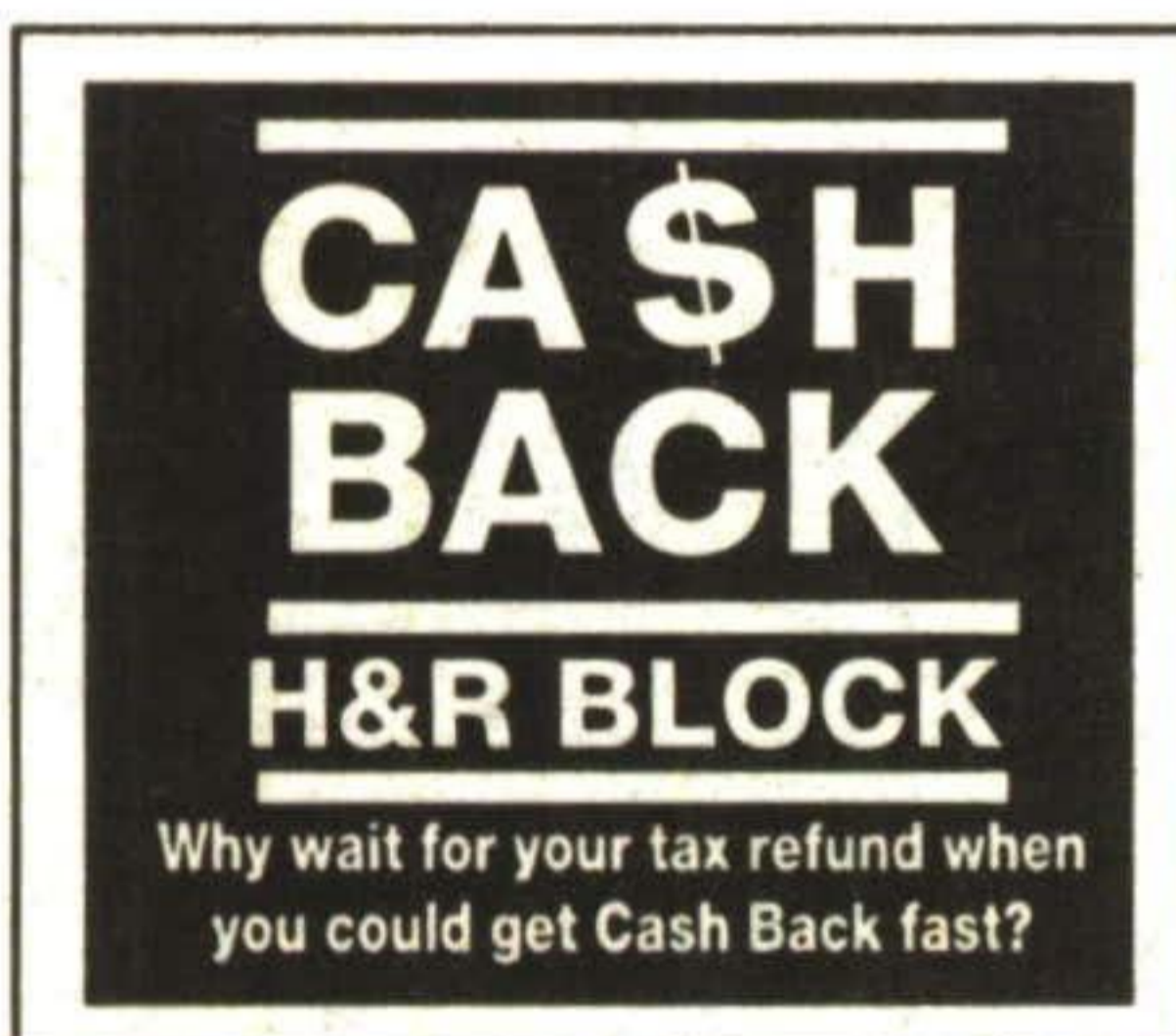
As with most travel information services there is a fee for the Health Department's travel information service. Travel information is also available through the Toronto General Information Line at 416/340-4030 and through travel clinics such as the ones at Toronto General Hospital and McMaster Medical Centre.

For more information about the Halton Region Health Department CATIS service and other sources of travel information, contact Health Line Halton, Halton Regional Health Department, at 825-6060.

Health Notes is a column prepared by staff of the Halton Regional Health Department.

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