

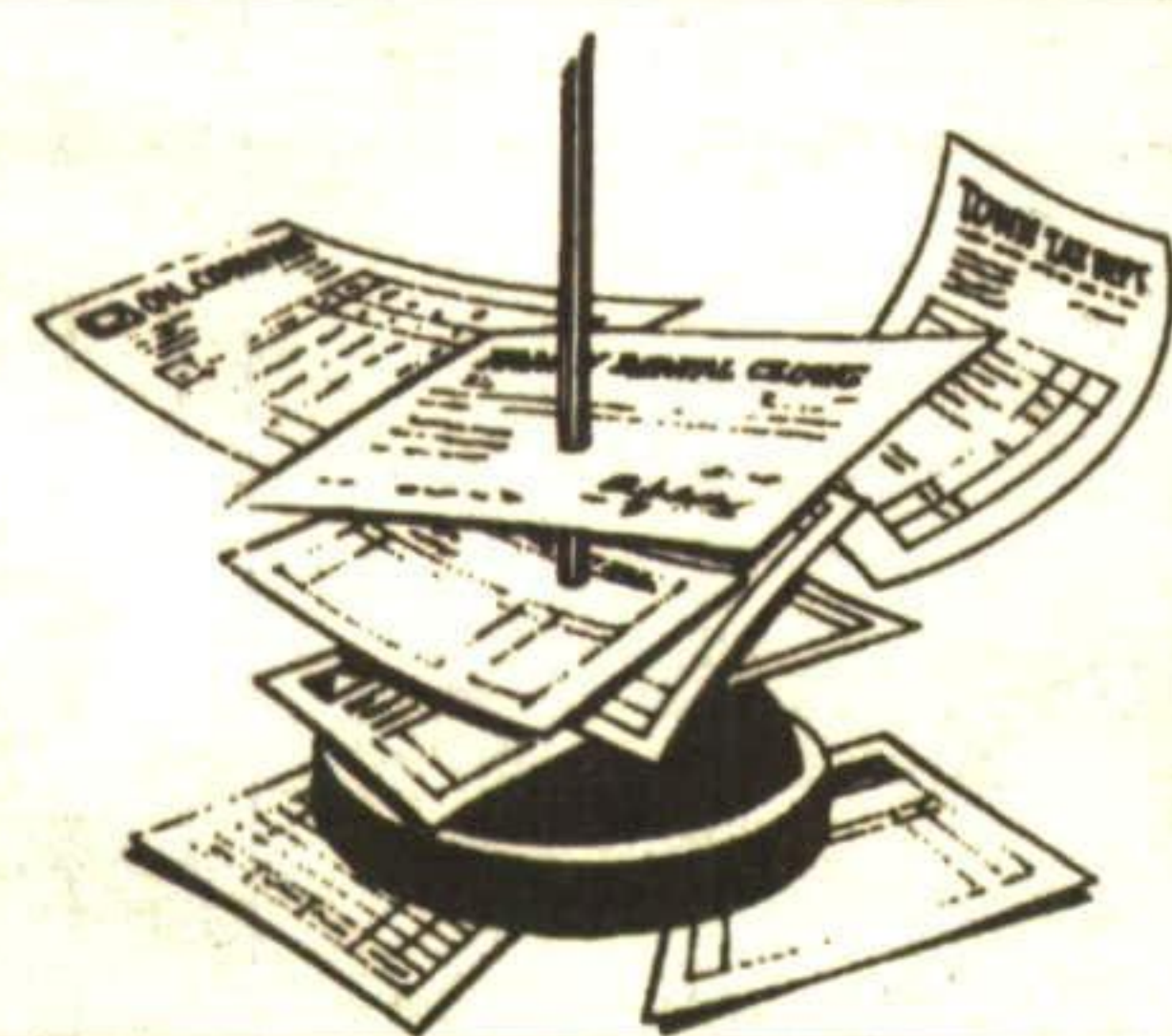
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Studying strategy
 Joey Upfield (left) of Georgetown and Jacob LeBlanc of Erin, both 10, had to draw upon their four years of experience playing chess to study each others' moves as they were among the 38 children who took part in the recent chess tournament, March 21, at the Optimists hall on Trafalgar Road. The competition, sponsored and arranged by Halton Hills Chess Club, featured a day long event for the 8 to 15 year-olds. In the seniors division (age 11-15) winners were Jeff Vivian, 1st; Nick Baker, 2nd; James Ward, 3rd. Junior (8-10) winners were: Chris Henderson, 1st; Steve Kogon, 2nd; Geoff Guenther, 3rd.
 TED BROWN Independent/Free Press

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Halton Hills council defers north Georgetown decision
 Council deferred making a decision Monday on the zoning changes required to allow for the development of two plans of subdivision in north Georgetown. Council decided the Georgetown Investments Inc. and Meadowglen subdivisions will be discussed by general committee at this Monday's meeting. The deferral was suggested to allow residents of the Georgetown north area concerned with the developments time to look over the staff report dealing with the zoning changes to ensure their comments were included. The delay will also give them a chance to look at the conditions of draft approval to be considered. The staff report is recommending the zoning changes be approved for both subdivisions.

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The GST and employment expenses

Tax News
 This is one in a series of articles dealing with tax matters. The articles are written by H&R Block Canada, Inc., Canada's largest tax service.

GST rebate
 Unlike to GST credit, which is available to every qualified taxpayer below a certain income level, the GST rebate is available only if you paid GST on employment expenses or professional dues which were deducted on your tax return. 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 1994, you can claim the rebate in early 1995 when you file your 1994 tax return.

Unlike the GST credit, which is non-taxable, 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 1994 tax return, which you receive in 1995, you must include that amount on your 1995 tax return.

For example, suppose that you are entitled to claim \$4,000 (including GST) as employment expenses on your 1994 income tax return. If all of these expenses are subject to GST, you can file for a GST rebate of \$262, (calculated as \$4,000 x 7/107, then rounded to the nearest dollar). If Revenue Canada issues the corresponding refund or credit during 1995, you must include this amount on your 1995 tax 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 an allowance unless your employer certifies that the company has not already claimed any input tax credits for them.

Capital cost allowance
 Special rules apply to 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 1994 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 x 1/2 x 30%). The GST rebate on the \$3,000 would be \$196 (calculated as \$3,000 x 7/107, then rounded to the nearest dollar). You may include the \$196 as part of your GST rebate for 1994.

After deducting the CCA claimed, your UCC on the vehicle is \$17,000. When you receive the rebate in 1995, the \$17,000 UCC must be adjusted downward by \$196 to \$16,804 before calculating the CCA for 1995. The balance of your rebate (the amount not applicable to CCA) must be reported in income on your 1995 tax return.

Meal and entertainment
 Some of your expenses may be for meals and entertainment. Since these expenses are not deductible in full, you may not claim the full GST rebate for them. Meals and entertainment purchased before February 22, 1994, are 80% deductible; those purchased later, and used after the end of February, are only 50% deductible. This means the GST rebate on meals and entertainment expenses must be reduced to 80% or 50% of the total GST paid, depending on when the items were purchased and used.

It may help to consult with an expert in the field of taxation in order to help you account for those 1994 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 1994 tax return.

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