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Are you getting everything you are entitled to from the Canada Revenue Agency?

Everytime there are changes to the Income Tax Act, which seems like every year, the government generally does a good job promoting how these changes will affect the average person. Why do we believe this is true? Well, often our clients will "remind" us of these new deductions and credits during our initial meeting. We are encouraged by this because we believe that our clients, and for that matter, everyone should have a greater understanding of how their decisions regarding compensation, savings or expenses affect their taxes. It is our philosophy that we will take the

time to explain why and how their taxes are what they are, and how they can save more of their money, before we file their tax return.

However, it is not the new and widely publicized changes that some people are missing, but the items that have been around a long time and have become relevant to their specific situation only recently due a change in circumstance. For this reason, it is important to talk with your tax preparer and inform them of any changes in your life circumstances in order that they can maximize your tax

refund. We do this with all clients, whether they are new or returning for yet another year of taxes. It is these conversations with our clients that we find the opportunities to make a difference for our clients; to maximize all deductions and credits and minimize their tax bill. For example, while getting to know a recent new client, it became evident that his spouse, who had recently passed away, was entitled to a disability tax credit. Their previous accountant, who knew his wife and of her illness didn't enquire as to the severity of the illness and missed taking the credit.

Thankfully, CRA allows taxpayers to amend tax returns for up to 10 years, which we did for the client and he received a significant refund. Another example was a woman who was taking care of both her daughter and her mother and she thought that there would be some benefit for her for taking care of her adult daughter. In fact, the benefit arose from her taking care of her elderly mother. Again, amendments were made on her behalf to claim the credits that she was entitled to after we took the time to get to know her and her specific situation - her refund amounted to about \$15,000.

We make all efforts when we meet with our clients, whether they are new or continuing clients, to ensure that we maximize their refund - we take our responsibility to keep abreast of all relevant changes to the Income Tax Act seriously, whether new or old, that affect them now or when their specific circumstances change because of a significant life event. Some clients are surprised that we do not charge extra or charge a contingency fee that some other firms charge - our fees are competitive with all major tax return preparation services because in the end, if it were the same price wouldn't you rather have your taxes prepared by a Chartered Accountant?

If you would like to discuss these scenarios or your specific situation and whether our firm can help you maximize your refund(s) or minimize your tax bill, please call Trevor Buttle at 905-873-8837.

Tbuttle AND ASSOCIATES
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Q: My son turned 18 this year, but hasn't started working - is he required to file a tax return if he is still going to school and has not made any money?

A: He doesn't have to file, but he may want to for a couple of reasons. First, by filing his tax return, he will be able to apply for the GST credit, which he is entitled to receive after he turns 19. The credit is paid every three months and is income dependent, meaning the more you make the less your payments will be. That being said, a 19-year-old with no income would likely qualify for approximately \$240 per year. Second, any child over 16 at December 31st may qualify for \$100 in refundable Ontario Sales Tax credits. This means, even though your child did not earn any income, he may still be able to receive a refund of at least \$100. Finally, your child will have to file a tax return if they have received a form T2202 - Education Amount Certificate, and they want to transfer an amount to their parents for their use or carry forward the unused portion of the tuition and education credit for their use in future years. In conclusion, it may be worth his while to file even if he had no income in the year.

If you would like to discuss this or any other issue for yourself or your business, please call us to arrange a free, no obligation consultation - evening and weekend appointments are available. Visit our website at www.tbuttleandassociates.com or call 905-873-8837 for more information.

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Judith L. Grant-Horner, CA

Q: I operate a daycare business from our home and my husband is an employee for a company earning a commission with his salary. We know that we have deductions that we could be taking to reduce our income tax liability, but the tax rules seem so confusing to us.

There must be an easier way or are we just destined to be burdened because we simply don't know how to manoeuvre through the tax entanglement?

A: First of all, it does not have to be confusing and if it is, then your tax preparer has not taken the time to explain it in laymen's terms.

Generally, all business expenses incurred with an expectation to generate a profit are tax deductible. This means for the daycare business, items such as food, toys, and supplies for the children are deductible. A portion of the home expenses is tax deductible for certain. I recommend tracking your mortgage interest expense, property taxes, utility costs, repairs and maintenance, and insurance. Remember to include mortgage insurance as well as property insurance. These expenses are taken as a percentage of business use versus personal use. It is how you calculate this usage that determines the tax deduction you will take against the daycare income. There are a number of ways to calculate this and an experienced chartered accountant will maximize the deduction for you.

With respect to your husband, generally he can take advantage of deductions for vehicle expenses such as fuel, insurance, maintenance and repairs, and interest expense or lease payments. He could deduct cell phone use related to business, supplies, and meals and entertainment expenses. There are more deductions available depending on his specific situation. A knowledgeable tax expert should be discussing with you deductions such as this and much more.

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