

**Money Talk**

**Q&A: As to some of your important tax questions**

**Q:** Starting in July, my Old Age Security cheque was almost \$100 smaller than before. Why is this and what can I do about it?  
**A:** In July, the government began deducting the OAS

clawback from your monthly OAS cheques. The amount deducted is based on your 1995 clawback. For example, if you had to repay \$1,200 of your OAS in 1995, the government began deducting 1/12 of that amount from your monthly cheques in July. When you file your 1996 tax return, you will calculate your actual OAS clawback based on your 1996 income.

If too much was deducted, you will get it back; if too little, you will have to pay it when you file your 1996 return.

There is no way to avoid the clawback deduction other than to reduce your net income below the clawback threshold (which is currently set at

\$53,215). Therefore you should take advantage of as many tax deductions as possible.

**Q:** My wife and I made charitable donations during the year amounting to \$200 each. Is it better for us to claim all the donations on one tax return, or for each of us to claim our own donations?

**A:** It is beneficial to pool the donations and make one claim whenever the combined receipts are in excess of \$200.

Taxpayers with donations that total less than \$200 may wish to consider saving their receipts and pooling donations for two or more years to take advantage of the higher tax credit rate.

Charitable donations can be claimed any time within five years.

**Q:** I want to know why the U.S. is deducting tax from my social security pension, even though my income is so low that I have never had to pay tax on this money before.

**A:** Can I claim a credit for this tax on my Canadian return, or apply for a refund from the U.S.?

**A:** The deduction is the result of changes to the Canada - U.S. treaty, most of which took effect on Jan. 1, 1996.

Social security benefits paid by one country to residents of the other are now subject to withholding tax by the source country, but are not taxable at all in the country of residence.

This means you can not claim a credit on your Canadian return, since the income is not taxable in Canada. Nor can you get a refund from the U.S. unless you qualify as a U.S. resident.

This means that unless you are a U.S. citizen, a holder of a valid green card, are married to a U.S. citizen, or spend enough time in the U.S. to qualify as a resident, you are probably out of luck.

If you think you might qualify as a U.S. resident, be sure to see a tax professional for assistance.

This article was submitted by Stouffville and Uxbridge H&R Block and Helen Davis.

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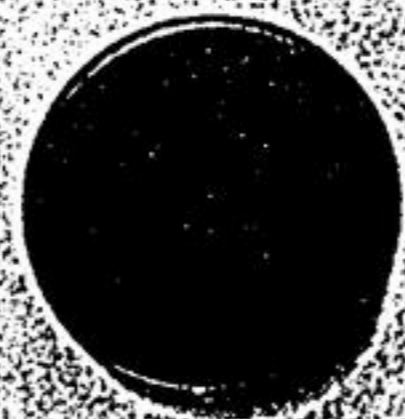
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