

Stay Updated with the Latest Tax Changes

- **GST rate reduction to 5% -**
Beginning on January 1, 2008, the general GST rate is reduced from 6% to 5% and HST rate for certain provinces is decreased from 14% to 13%.
- **Pension income splitting -**
A taxpayer may allocate up to one-half of all income that's eligible for the pension income credit to a spouse or common law partner. The benefit of income splitting is the ability to shift income to a spouse/partner with a lower marginal tax rate, thereby reducing the overall tax bill for the family unit. The bigger the income disparity between spouses/partners, the better the overall tax savings.
- **RRSP and RRIF conversions -**
Individuals are allowed to continue making RRSP contributions until age 71 (from 69). Mandatory RRIF withdrawals will be waived for individuals who are under 71 (from 69).
- **RESP contributions -**
It may be a good idea to contribute to a Registered Education Savings Plan (RESP) for your child's post secondary education. The federal government will contribute a grant of \$500 for \$2,500 in RESP contributions, with the annual grant potentially increased to \$1,000 with \$5,000 in RESP contributions if you have prior non-contributory years.
- **Enhanced tax benefit for charitable donations -**
Taxation of capital gains on publicly traded securities is eliminated when they are directly donated to a registered charity. The new rule makes it more advantageous to donate appreciated securities directly to the charity rather than selling them and donating the proceeds.
- **Transit pass credit (TPC) -**
This tax credit applies to the purchase of passes for public transportation including buses, commuter trains, local ferries, subways and streetcars. To qualify, the passes must be for at least a month in duration, 4 consecutive weekly passes of 5 to 7 days in duration, or electronic cards of 32 one-way trips not exceeding 31 days. The credit is transferable to the taxpayer's spouse/common law partner or to a parent if the individual is a dependent child.
- **Employment credit -**
An employed taxpayer may claim a credit of up to \$1,000 in 2007.
- **Tradespeople's tools -**
Tools purchased costing more than \$1,000 qualifies for a \$500 tax deduction if they are required for employment.
- **Children's fitness credit -**
A new non refundable tax credit is available for 2007 in eligible fees of up to \$500 paid for the enrolment of a child under the age of sixteen in an eligible program of physical activity. Tax receipt is needed to support this claim.
- **Textbook tax credit -**
This non refundable tax credit is available to post secondary students who attend qualified educational institutions. The amounts are \$65 per month for a full time student and \$20 per month for a part time student. The new credit will be included in the T2202A tax receipt issued by the educational institution.
- **Universal child care benefit (UCCB) -**
This taxable benefit of \$100 a month per child is for parents of children under the age of six. It must be reported by the lower income spouse/common law partner. The UCCB replaces the Canada Child Tax Benefit supplement for children under the age of seven, which has been eliminated effective July 1, 2006.
- **Phased-in retirement provision for defined benefit plans -**
An employee who is 55 or older, will be able to draw benefits and permitted to continue to accumulate benefits based on current employment. Stay tune for more information on this Federal budget item which will amend current legislations to take effect in 2008.
- **RDSP -**
Registered Disability Savings Plan. A \$1,500 contribution to the plan per year can generate as much as \$3,500 in Canada Disability Savings Grant. Stay tune for more information on this new Federal budget item which will take effect in 2008.

2007 RRSP annual contribution limit - \$19,000

RRSP contribution deadline – 2008/02/29

2007 tax filing deadline – 2008/04/30

2007 self employed individuals and their spouse/common law partners filing deadline – 2008/06/16