

Top 11 Personal Tax Mistakes

Medical:

- Multi-year medical – only 12 month period ending in tax year
- Splitting up medical – have to get past 3% net income twice
- Putting medical on higher income spouse – 3% of higher amount = less claim
- Not deducting reimbursements from medical claim – cake and eat it too.

Splitting donations – first \$200 = 25.5% credit

Balance = 41.75% credit

Only pass the \$200 once, more at higher rate

Overcontributing to RRSP's by more than \$2,000

- complicated form, penalty and interest to pay

Spousal rrsp's done wrong – does not mean “my spouse has contribution room, I think I will use the deduction”

Due dates self-employed taxes vs pymt – tax payments are ALWAYS due by April 30, tax return may not be due until later

Child care expenses – Johnny's piano lessons don't count

- only child care which allows work or school

Capital gains

- thinking that you have to pay tax on the proceeds when it is really on ½ the difference between proceeds and cost

Tax Credits

- Missing newer credits such as the Canada employment amount (\$500 for 2007), transit pass amount (cost of transit passes (not tickets)) or the textbooks amount (varies for full & part time students)
- Throwing transit passes away (have to have pass to claim credit)
- Not transferring maximum available tuition credits to parents or spouse
- Not claiming Student loan interest

Notices of Assessment:

- Not keeping notices of assessment
- Not looking at notices of assessment re:carryforward information
 - o May lose carryforwards like tuition, donations, losses etc. because not used in time

Not realizing difference between RESP's and RRSP's

- RESP's **not** tax deductible but growth is tax deferred
- RRSP's are tax deductible and growth is tax deferred

Not filing tax returns by due dates

- Refund – interest free loan to government
- Owing – don't want to pay taxes, now paying even more

Homework: ask parents who claims medical and donations, do they file taxes on time, have they kept their notices of assessment