

IT'S ALL IN THE FAMILY

As many of you are beginning to think about your personal tax filings (April 30th is just around the corner!), we thought we'd talk a little tax in this issue of *The Learning Kurve*.

You all know that a number of tax incentives are linked to your family's situation. Further to a number of changes that have been announced and implemented in the past year, we thought it may be relevant to review some of the tax incentives available and how the overall family information impacts on such measures.

Note that the various income tax provisions include very detailed conditions and criteria. Accordingly, you may need to obtain professional advice as to how these various provisions affect your tax situation

TAX DEDUCTION

Child-Care Expenses

If you or your spouse paid someone to look after your child so one of you could receive "earned" income, go to school or conduct research in 2007, you may be able to deduct the expenses on your tax return. The expenses are deductible only if, at some time in 2007, the child was under 16 or had a mental or physical impairment. Generally, the deduction is required to be claimed by the lower income spouse. However, there are exceptions such as when the lower income spouse has enrolled in studies.

TAX CREDITS

Child Tax Credit – Federal

Starting in 2007, parents can claim a federal non-refundable tax credit of \$300 (\$2,000 x 15%) for each child under 18 at the end of the year. This credit is available to one parent. Be sure to identify the parent who will claim this credit, in particular if your returns are not prepared simultaneously. It is not important which parent claims the credit, as long as that parent is otherwise subject to income tax.

Public Transit Passes

You can claim a non-refundable tax credit for the cost of public transit passes purchased for you, your spouse and any of your children under 19.

Children's Fitness Tax Credit

For each of your children, you can claim up to \$500 of fees paid in 2007 that related to the cost of registering the child in a prescribed program of physical activity. The child must be under 16 years of age at the beginning of the year.

Medical Expenses

You can claim eligible medical expenses that you paid for yourself, your spouse and each of your children under 19. You may also be able to claim amounts incurred for other dependants however their income will determine the extent of this claim. This includes premiums you paid for medical and/or dental insurance coverage.

Tuition, Education and Textbook Amount

If you are the parent or grandparent of a student or his or her spouse, the student may be able to transfer to you all or part of his or her tuition, education or textbook amounts for 2007. The amount that can be transferred is restricted to \$5,000 and must not include amounts carried forward from a previous tax year.

Disability Tax Credit

If your child has a disability, you may be entitled to claim this credit. The family physician will be required to certify the child has a disability on a prescribed form.

OTHER MEASURES

Goods and Services Tax Credit

Low-income families are entitled to claim the GST Credit, which is a credit received in four quarterly payments from the Canada Revenue Agency. The family income and number of children in the family affects the calculations for this credit.

Canada Child Tax Benefit

The CCTB is a non-taxable monthly benefit paid to low- and middle-income families. Payments cease once the child is 18. The application for this measure is submitted once – generally at birth – and re-evaluated annually by the Canada Revenue Agency upon the filing of the parents' personal income tax returns.

Universal Child Care Benefit (UCCB)

For each of your children under six years old, you may be eligible to receive \$100 per month. You do **not** need to apply for the UCCB if either of the following situations applies to you.:

- you already receive the CCTB for your children under six years of age; or
- you have applied for the CCTB for your children under six years of age and do not receive it (perhaps because your family income is too high).

If **neither** of these situations applies to you, then you have to apply for the UCCB by completing Form RC66, *Canada Child Benefits Application*. The UCCB is **taxable** (on line 117 of the return) in the hands of the spouse with the lower net income.

As demonstrated, it is imperative that an updated family profile be on file with the Canada Revenue Agency and with your tax preparer. The family profile should include the name, date of birth, Social Insurance Number (if applicable) and any related supporting tax information for each of your dependant children or other family members. It is also important to know that some of the above measures are more significant if a child has a disability.

If you have any questions about these credits or deductions, do not hesitate to contact your Logan Katz advisor.

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*This 'n That
at Logan Katz...*

Comings and Goings...

The Partners and Staff bid a fond farewell to **Lucille Levesque** after over 9 years with the firm. Lucille's presence at Logan Katz will be missed by clients, colleagues and staff alike. We wish Lucille all the best in her future endeavours!

Logan Katz is pleased to welcome **Kerry Grinnell** as **Administrative Assistant** with the firm. Kerry will be a welcome addition to the administrative team!

Logan Katz in the Community

Logan Katz participated again this year as a signature sponsor for the 2008 Annual Ottawa Small Business Forum held at the Congress Centre on February 22, 2008. The Forum provides a unique opportunity for small business owners/managers to connect, network and learn from one another.

Did You Know...?

David Logan is a deputy chair of the *Professional Conduct Committee* of the Institute of Chartered Accountants of Ontario. This Committee investigates all written complaints received about Institute members, students and firms, as well as any other matter drawn to its attention that may indicate a violation of the Institute's rules of professional conduct, regulations or bylaws. The committee also provides advice to members, students and firms on questions concerning the ethical propriety of a proposed course of action or the application of the rules of conduct to a specific situation. The committee, is composed of twenty-five volunteers appointed by the Council. It includes 23 Institute members, representing a broad cross-section of the membership from all parts of the province, and two public representatives.

Questions or comments? Email us at office@logankatz.com or call 613-228-8282 ext 0.