



PERSONAL TAX REMINDERS FOR YOUR 2011 TAX RETURN

Outlined below are a number of personal tax items which you should note for your 2011 personal tax return:

1. **RRSP Contribution Limit:** To get a deduction on your 2011 tax return, your contribution must be made by **February 29, 2012**. The maximum RRSP deduction limit for 2011 is \$22,450. You should review your 2010 notice of assessment to verify your limit. A non-deductible over-contribution is also allowed up to \$2,000 (penalties will apply if over-contributions exceed \$2,000).
2. **Foreign reporting form:** Separate tax forms must be filed if you own foreign property/investments with a cost exceeding \$100,000 Cdn. There are significant penalties for failure to file these forms.
3. **Repayment of Old Age Security (“OAS”):** If your 2011 net income exceeds \$67,668, you will be required to repay some or all of your OAS on your 2011 tax return (depending on your net income) and you will receive a reduced amount of OAS in 2012.
4. **Examination fees:** The tuition tax credit has been expanded to include *examination fees* paid to an educational institution, professional association, or provincial ministry required to *obtain professional status* or to be *licensed to practice a profession or trade in Canada*. Similar to other tuition claims, the exam fee must be in excess of \$100.
5. **Foreign universities:** Tuition paid to *foreign universities* will now qualify if the program is at least *three weeks* long (previously 13 weeks).
6. **Children’s Arts Tax Credit:** This is a 15% non-refundable credit for children *under 16* at the beginning of the year. Up to \$500 of eligible expenses can be claimed for artistic, cultural, recreational or developmental programs (for example, literary, visual and performing arts, music, media, learning a language, wilderness and natural environment, tutoring in academic subjects). Extended benefits are available for children claiming the disability credit. A taxpayer cannot include expenses which have already been deducted as child care or the fitness credit. The program must either be for eight consecutive weeks or a camp lasting at least five consecutive days.
7. **Volunteer firefighter’s credit:** A non-refundable credit of \$450 (15% of \$3,000) is available for individuals with at least 200 hours of volunteer firefighting services in the year.

8. **Dependant medical expenses:** The \$10,000 limit for medical expenses that may be claimed for a *dependent over 18* is removed. These medical expenses must still be reduced by 3% of the dependent's net income, subject to a maximum of \$2,052.
9. **Should children file tax returns?** Children earning employment or self-employment income should consider filing a tax return to build up RRSP room which can be used in future years. A tax return should also be filed to carry-forward tuition credits which cannot be transferred to a parent.
10. **Penalties for late filing?** There is an immediate penalty for late filing equal to 5% of the tax owing plus an additional 1% per month that the return is late. Penalties can be doubled for repeat late filing and can reach 34% of the tax owing. Certain tax forms are subject to a flat rate per day penalty for each day the form is late. Interest is charged on the late payment of taxes and installments. The current rate is 5% and the interest is not tax deductible.

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Please contact Gary Aslett at (905) 465-3313 or gary@aslettca.ca if you require further information on the above.

The material provided is believed to be accurate and reliable as of the date it is written. Tax laws are complex and are subject to frequent change. Professional advice should always be sought before implementing any tax planning arrangements.

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