



## **PERSONAL TAX REMINDERS FOR YOUR 2012 TAX RETURN**

Outlined below are a number of personal tax items which you should note for your 2012 personal income tax return:

1. **RRSP Contribution Limit:** Your RRSP contribution must be made by **March 1, 2013** to get a deduction on your 2012 tax return. The maximum RRSP deduction limit for 2012 is \$22,970 (\$23,820 for 2013). You should review your 2011 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 certain foreign property or foreign investments with a cost exceeding \$100,000 Cdn. There are significant penalties for failure to file these forms on time.
3. **Repayment of Old Age Security (“OAS”):** If your 2012 net income exceeds \$69,562, you will be required to repay some or all of your OAS on your 2012 tax return (depending on your net income) and you will receive a reduced amount of OAS in 2013.
4. **Old Age Security Eligibility:** Eligibility for an OAS pension will increase from age 65 to age 67 commencing in April 2023. This will be phased in for individuals born between April 1, 1958 and January 31, 1962. Starting July 1, 2013 there will be an option to defer OAS benefits to a later time and receive a higher OAS pension.
5. **Ontario Trillium Benefit:** Ontario sales and property tax credits, which used to be paid when your personal income tax return for the year was filed, are now paid monthly. No amount was refunded on the 2011 personal income tax return.
6. **Ontario Tax Rates:** Ontario has increased its “highest tax rate” for taxable income over \$500,000. This will result in a tax rate increase of 1.56% in 2012 and 3.12% in 2013. The top marginal tax rate in Ontario for 2012 is 47.97%.
7. **Automobile Allowances:** For 2012, the maximum deductible auto allowance is 53 cents/km for the first 5,000 kms and 47 cents/km for kms over 5,000 during the year.
8. **Ontario Healthy Homes Renovation Tax Credit:** Starting in 2012, a 15% *refundable* credit to make homes more functional for seniors is available to individuals 65 or older who own or rent a home or a non-senior family member

living with a senior. The maximum credit is \$1,500 (for \$10,000 of expenditures) and there is no income test to qualify for this credit. Expenses for 2012 will include the period October 1, 2011 to December 31, 2012. Subsequent years will be on a calendar basis.

The renovations must be permanent in nature and exclude expenses if their primary purpose is to increase the value of the home or if they are for annual or routine maintenance. A complete list of eligible and non-eligible expenditures is available at [www.fin.gov.on.ca/en/credit/hhrtc/index.html](http://www.fin.gov.on.ca/en/credit/hhrtc/index.html).

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 a personal tax return 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 interest 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](mailto:gary@aslettca.ca) if you require further information on the above.*

*The material provided is believed to be accurate 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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