GsA **Did You Know?** #13-01

(A publication for the clients and contacts of Gary S. Aslett Professional Corporation)

TAX REMINDERS FOR YOUR 2013 PERSONAL INCOME TAX RETURN

Outlined below are a number of personal tax items which you should note for your 2013 personal income tax return (some are applicable in 2014):

1. **RRSP Contribution Limit:** Your RRSP contribution must be made by **March 1, 2014** to allow a tax deduction on your 2013 tax return. The maximum RRSP deduction limit for 2013 is $23,820 ($24,270 for 2014) plus unused RRSP room carried forward from prior years. You should review your 2012 notice of assessment to verify your limit.

   A non-deductible over-contribution is also allowed up to $2,000. Monthly penalties and interest will apply if over-contributions exceed $2,000 so it is important that these limits are not exceeded *at any time during the year*.

2. **Tax-Free Savings Account ("TFSA"):** The 2013 contribution limit is $5,500, up from $5,000 permitted for 2009 to 2012. An individual who was at least 18 in 2009 could have contributed a total of $25,500 to their TFSA from 2009 to 2013.

3. **Tax-loss Selling:** **December 24, 2013** is the last day to execute a trade in 2013 to sell investments to generate capital losses which can be used to (i) reduce 2013 realized capital gains and (ii) carry-back realized capital losses to apply against capital gains realized in the prior three years.

4. **Foreign Reporting Form:** Separate tax forms must be *mailed* to CRA if you own certain foreign property or foreign investments with a combined cost exceeding $100,000 *at any time during the year*. There are significant penalties for failure to file these forms on time. The foreign reporting forms have been expanded for 2013 requiring the disclosure of additional information – a separate 'Did You Know' bulletin will be issued outlining these changes.

5. **Repayment of Old Age Security ("OAS"):** If your 2013 net income exceeds *$70,954*, you will be required to repay some or all of your OAS on your 2013 tax return (depending on your net income) and you will receive a reduced amount of OAS in 2014.

6. **First-time Donor's Super Credit ("FDSC"):** If you (or your spouse including common-law spouses) have *not claimed a donation credit in any of the five preceding tax years*, you are eligible for an additional 25% federal credit on cash donations made after March 20, 2013. This additional credit can be claimed once during the 2013 to 2017 period and is available on a maximum of $1,000 of donations (resulting in a maximum federal super credit of $250). As the super

credit can only be claimed once, taxpayer's should consider accumulating donations until they have $1,000, however, the credit must be claimed by 2017.

7. **Automobile Allowances:** The maximum deductible auto allowance for employers in 2013 is 54 cents/km for the first 5,000 kilometers and 48 cents/km for kilometers driven in excess of 5,000 during the year.

8. **Tax Rates on Dividends:** The tax rate on non-eligible dividends (generally, dividends sourced from private Canadian corporations) for a resident of Ontario is scheduled to increase in *2014* from 2 to 4%.

9. **Capital Gains Exemption:** The lifetime capital gains exemption on the sale of qualified small business corporation shares and qualified farm and fishing property has increased from $750,000 to $800,000 effective for *2014*. The $800,000 limit will be indexed to inflation commencing in 2015.

10. **Penalties for Late Filing:** There is an immediate non-deductible penalty for late filing a personal income tax return equal to 5% of the tax owing on the filing due date, plus an additional 1% per month that the return is late. Penalties can be doubled for repeat late filing. Non-deductible interest (currently 5%) is charged on the late payment of taxes and instalments. Certain tax forms are subject to a flat rate per day penalty for each day the form is late.

December 2013

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 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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