GsA **Did You Know?** #14-02

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

2014 PERSONAL INCOME TAX CHANGES

Outlined below are a number of personal tax items which may affect your 2014 personal income tax return:

1. **RRSP Contribution Limit:** Your RRSP contribution must be made by **March 1, 2015** to allow for a tax deduction on your 2014 tax return. The maximum RRSP deduction limit for 2014 is $24,270 plus unused RRSP room carried forward from prior years. You should review your 2013 notice of assessment to verify your limit. The 2015 deduction limit is $24,930.

   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 2014 contribution limit is $5,500. An individual who was at least 18 in 2009 has cumulative TFSA contribution room from 2009 to 2014 of $31,000 (assuming no contributions have been made).

3. **Repayment of Old Age Security ("OAS"):** If your 2014 net income exceeds *$71,592*, you will be required to repay some or all of your OAS on your 2014 personal income tax return (depending on your net income) and you will receive a reduced amount of OAS in 2015.

4. **Foreign Reporting Form:** Separate tax forms must be filed with 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 submit these forms on time. The foreign reporting forms have been revised again in 2014 to introduce the 'Aggregate Reporting Method' – a separate 'Did You Know' bulletin will be issued outlining these changes.

5. **Ontario Personal Income Tax Rates:** The May 2014 Ontario Budget lowered the threshold at which the top personal income tax rate applies from approximately $514,000 down to $220,000. The top Ontario personal income tax rates for 2014 on income in excess of $220,000 are:

i. Salary, interest and other income taxed at regular rates	49.53%.
ii. Capital gains	24.77%
iii. Dividends 'eligible' for the enhanced tax credit	33.82%
iv. Non-eligible dividends	40.13%

6. **The Family Tax Cut Credit:** Effective for the 2014 tax year, a new federal non-refundable tax credit up to $2,000 is available for couples with children under 18. The credit is calculated by allowing income taxes to be calculated for the couple

assuming up to $50,000 of income is transferred from the higher income spouse to the lower income spouse.

7. **Children's Fitness Tax Credit:** As announced in October 2014, the fitness credit for children under 16 at the beginning of the year (18 if eligible for the disability tax credit) will be doubled in 2014 from $500 to $1,000. The actual cash value of this credit is slightly over $200 for a resident of Ontario (because the cash value is based on $1,000 times the lowest marginal tax rate of approximately 20% in Ontario).

8. **Internet Sales:** If you earn income from websites or webpages, you must report information including the website address or webpage, and the gross income received from internet business activities as a percentage of total gross income.

9. **Safety Deposit Box Fees:** These fees are no longer tax deductible starting in 2014 as electronic records have replaced investment certificates and the CRA now sees these safety deposit boxes being used to safeguard personal valuables.

10. **Penalties for Repeated Failures to Report Income:** If income from a tax slip is not reported on your tax return, CRA's computerizing matching system will lead to a reassessment calculating taxes owing (plus interest and possible penalties). If you have missed reporting income in a year *AND in any of the three prior years*, an additional 20% penalty will be assessed on the gross amount of the missed income (regardless of whether tax was withheld from the income). Therefore, it is extremely important to ensure you have received and forward all tax slips and information for inclusion in your tax return no matter how small the amount of the slip. If your tax return has already been submitted to CRA, an adjustment request must be sent to CRA to report the additional income. [There are other penalties if you knowingly or under circumstances amounting to gross negligence make a false statement or omission.]

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

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