



THE LITTLE TAX FACT BOOK

A Reference Guide

2014-2015

THE LITTLE TAX FACT BOOK

We think that it's handy for our clients and colleagues to have information about personal taxes in one place and we think that **The Little Tax Fact Book** does that. This booklet and other publications are shown on our website www.personalwealthstrategies.net. Unless otherwise stated, information is for Ontario residents for 2014. We believe the information contained herein is accurate but professional advice should be sought before implementing any planning. (01/15)

TABLE OF CONTENTS	
	PAGE
TAX RATES	1
NON-REFUNDABLE CREDITS	2
REFUNDABLE CREDITS	3
REGISTERED PLANS	3
DEDUCTIONS, EXEMPTIONS AND ALLOWANCES	4
NON-TAXABLE INCOME	5
CANADA PENSION PLAN	5
OLD AGE SECURITY	6
INCOME SPLITTING	6
TAX ADMINISTRATION	6
CORPORATE TAXES	7
ONTARIO TAXES	7
US TAXES	7
HELPFUL WEBSITES	9
WEBSITE CHECKLISTS	9
NEWSLETTER LIST	9
GRAPHS – TAX RATES	11
HANDY CHECKLISTS FOR YOU	15

TAX RATES

◆ Tax Rate Structure

Federal Level	Federal Rate	Ontario Level	Ontario Rate	Ontario Surtax
\$0	15%	\$0	5.05%	
43,954	22%	40,121	9.15%	20%
87,908	26%	80,243	11.16%	36%
136,271	29%	150,001	12.16%	
		220,001	13.16%	

◆ Income Taxes Payable

Actual Income	Interest Income	Non-eligible Dividends	Eligible Dividends	Capital Gains
\$20,000	1,851	216	300	Nil
40,000	5,861	887	600	1,851
60,000	11,809	4,790	2,179	3,856
80,000	18,210	10,111	5,238	5,861
100,000	26,440	16,694	9,803	8,694
120,000	35,122	23,436	15,357	11,809
140,000	43,916	30,964	21,691	14,924

◆ Average Rates

Actual Income	Interest Income	Non-eligible Dividends	Eligible Dividends	Capital Gains
\$20,000	9.3%	1.1%	1.5%	0.0%
40,000	14.7%	2.2%	1.5%	4.6%
60,000	19.7%	8.0%	3.6%	6.4%
80,000	22.8%	12.6%	6.5%	7.3%
100,000	26.4%	16.7%	9.8%	8.7%
120,000	29.3%	19.5%	12.8%	9.8%
140,000	31.4%	22.1%	15.5%	10.7%

◆ Marginal (Progressive) Tax Rates

Actual Income	Interest Income	Non-eligible Dividends	Eligible Dividends	Capital Gains
\$20,000	20.1%	5.4%	0.0%	10.0%
40,000	20.1%	5.4%	0.0%	10.0%
60,000	31.2%	18.5%	9.6%	15.6%
80,000	33.0%	20.6%	11.0%	16.5%
100,000	43.4%	32.9%	25.4%	21.7%
120,000	43.4%	32.9%	25.4%	21.7%
140,000	46.4%	36.5%	29.5%	23.2%

- (1) Business income distributed by Canadian small business corporations are classified as non-eligible dividends.
- (2) Dividends from Canadian public corporations and business income of small business corporations (taxed at the general rate) are classified as eligible dividends.
- (3) The taxes applicable to salary can be slightly lower than taxes on interest shown above due to the employment tax credit.

(4) In some cases, marginal tax rates are skewed by tax credits and surtaxes.

◆ Capital Gains Inclusion Amount

1972 to 1987	50%
1988 and 1989	66%
1990 to February 27, 2000	75%
February 28, 2000 to October 17, 2000	66%
After October 17, 2000	50%

Capital gains exemption for shares in small business corporation or farm corporation is \$800,000.

◆ Dividends from Canadian Corporations

	Eligible (Public)	Non-Eligible (Private)
Actual dividends that can be received tax-free (assuming no other income)	\$49,284	\$35,546
Dividend gross up to taxable amount	38%	18%
Tax credit – percentage of taxable dividend		
Federal	20.73%	13.00%
Ontario	13.80%	5.31%

While dividends are taxed at preferred rates, taxable dividends are higher than actual amounts received. The gross up may push taxpayers into a higher tax bracket and increase the amount of surtaxes, Ontario Health tax and the Old Age Security claw back or decrease eligibility for certain tax benefits and credits.

◆ Trust Tax Rates

Established during lifetime (inter vivos) – highest tax rate
Established on death (testamentary) – highest progressive tax rates

NON-REFUNDABLE TAX CREDITS

◆ Tax Credit Amounts

	Ontario Amount	Federal Amount
Basic exemption	\$9,670	\$11,138
Spouse or eligible dependent	8,211	11,138
Age amount (65 and over) (\$34,873)	4,721	6,916
Disability amount	7,812	7,766
Disability supplement (children)	4,556	4,530

Family caregiver (maximum)		2,058
Infirm dependent over 18 (\$6,607)	4,558	6,589
Child – under 18 years of age		2,255
Children's arts and fitness maximum)		500
Adoption expense (maximum)	11,797	15,000
Caregiver (\$15,472)	4,557	\$4,530
Pension income (maximum)	1,337	2,000
Medical and attendant care (\$2,171)	100%	100%
Charitable donations	100%	100%
Homebuyer		5,000
Canada pension (maximum)		2,426
Employment insurance (maximum)		914
Canada employment (maximum)		1,127
Tuition and student loan interest		100%
Education and textbook (per month maximum)		
Full time	520	465
Part time	156	140

Reduction thresholds (shown in brackets) are the income levels at which credits start to be reduced.

The \$10,000 maximum deduction for medical expenses of adult eligible dependents has now been removed.

◆ Non-Refundable Tax Credit

Tax refunds for non-refundable tax credit amounts shown above equals the credit amounts times the following percentages.

Donations	
First \$200	20.05%
Over \$200 (plus surtaxes)	40.16%

◆ Charitable Donation Details

	Donation Limit of Net Income	Capital Gain Income Inclusion
Donations during lifetime		
Cash and gifts to crown	75%	50%
Life insurance policy	75%	50%
Certified cultural property	N/A	0%
Ecological property	N/A	0%
Qualifying securities	75%+25% of TCG	0%
Capital property	75%+25% of TCG	50%
Donations on death		
All gifts (year of death and prior year)	100%	As above

REFUNDABLE CREDITS

◆ Child Tax Benefits

Canada Child Tax Benefit (\$43,953)	
Base child tax benefit	\$1,446
Per child benefit over two children	101
National Child Benefit Supplement (\$25,584)	
First child	2,241
Second Child	1,982
Third child and each additional child	1,886
Child Disability Benefit (\$43,953)	
Child disability benefit (maximum)	2,650
Universal Child Care Benefit (children under 6 years)	100
UCCB is taxable to lower income spouse	

◆ Federal Tax Credits for Political Contributions

	Credit Percent
To \$400	75%
\$400 to \$750	50%
\$750 to \$1,275	33.33%

\$650 is the maximum tax credit per year. An individual, who is a citizen or permanent resident of Canada, may donate to a national political party, a local candidate or a local electoral district association (riding association).

REGISTERED PLANS

◆ RRSP Contribution Limits

Annual contribution limit	2010	22,000
	2011	22,450
	2012	22,970
	2013	23,820
	2014	24,270

Qualifying RRSP income (earned income)

Employment income (less dues and expenses); CPP disability payments; other taxable disability payments; net rental income; net research grants; supplementary unemployment benefits received (not EI); net business income, net royalties received; net alimony or separation allowances received; employment profit sharing plan allocations.

◆ RRSPs – Other Facts

Indefinite carry forward of unused contribution room	
Over contribution limited to \$2,000	
Contribution allowed to age 71 of taxpayer or spouse	
RRSP must be converted to RRIF by December of the year contributor reaches age 71	
Foreign content –unlimited	
Withholding on lump sum withdrawals	
To \$5,000	10%
\$5,000 to \$15,000	20%
Over \$15,000	30%
Foreign content	Unlimited

Special rules allow tax-free withdrawals from RRSP's to purchase a home or to finance education. The amount must be repaid over 15 years and 10 years respectively. On death an RRSP can be contributed to an RDSP to extent of available RDSP contribution room.

◆ RRIFs Minimum Withdrawals (Based on January 1 Age)

Age	Post 1992 Plan	Pre 1993 Plan
69	4.76%	4.76%
70	5.00%	5.00%
71	7.38%	7.38%
72	7.48%	7.48%
75	7.85%	6.67%
80	8.75%	8.75%
85	10.33%	10.33%
90	13.62%	13.62%
94 plus	20.00%	20.00%

◆ Retiring Allowances – Eligible for Transfer to RRSP

Per year of service before 1996	\$2,000
Per year of service before 1989 for years in which no employer contributions vested	\$1,500

◆ Pension Plans

Minimum income entitlement of surviving spouse	60%
Pension plan divisible on divorce	Yes

◆ RESP Contributions

Aggregate lifetime maximum contribution \$50,000

*Contributions can be made to an RESP for up to 31 years.
Plan must be terminated by the end of its 35th year
Limits are extended for individuals with disabilities*

Canada Education Savings Grant

Maximum - 20% of first \$2,500 of contributions \$500
Maximum lifetime grant limit available 7,200

Families with net income under \$43,953 grant increased to 40% and 30% for families with income between \$43,953 and \$87,907 for first \$500 of contributions. Maximum annual contribution amount for the grant is \$2,500.

Beneficiaries qualify for CESG on contributions made on their behalf to the end of the year they turn 17.

If beneficiary does not pursue post-secondary education the CESG is returned to the government.

◆ RDSP Contributions

Lifetime maximum contribution \$200,000

No maximum annual contribution

Contributions not tax deductible

Parent or others can contribute to assist the long-term security of a child with disabilities. Beneficiary must be eligible for disability tax credit.

Contributions can be made until beneficiary turns 59 or ceases to be a resident of Canada. Beneficiary must begin receiving payments by the end of the year they turn 60.

Canada Disability Savings Grant (CDSG)

Maximum annual grant available \$3,500
Maximum lifetime amount \$7,200

Contributions to RDSPs earn CDSGs at matching rates depending on family income.

Canada Disability Savings Bond (CDSB)

Maximum annual \$1,000
Maximum lifetime \$20,000

The CDSG and CDSB are linked to family net income from the parents to the child with disabilities until age 18. No CDSG or CDSB is paid to RDSP after beneficiary turns 49

The portion of payments that relate to CDSG, CDSB and investment income in RDSPs are taxable when paid to the RDSP beneficiary

◆ Tax Free Savings Account

Maximum annual contribution \$5,500
(2009 to 2012 - \$5,000; 2013 to 2014 - \$5,500)

Total allowed 2009-2014 \$31,000

Contributions are not tax deductible and withdrawals are not taxed. Unused contribution room plus withdrawals are available for future contributions. Withdrawals cannot be re-invested until the following year.

DEDUCTIONS, EXEMPTIONS AND ALLOWANCES

◆ Employee Use Auto – Deductions and Benefits

Maximum vehicle cost for depreciation \$30,000

Maximum monthly deductible lease payment 800

Maximum mileage allowance

First 5,000km 0.54

Additional km 0.48

Standby taxable benefit

Owned – percent of cost, per month 2%

Leased – percent of lease amount 2/3

Operating cost benefit for personal care 0.27

◆ Depreciation Rates Allowed for Business or Property Income

	Class	Rate
Automobile	10.1/10	30%
Buildings	1/1a/1b	4%/10%/6%
Computer software	12	100%
Computer hardware	50/52	55%/100%
Furniture and fixtures	8	20%
Machinery and equipment	8	20%
Cellular	8	20%
Tools over \$500	8	20%

◆ Deductible Losses of Other Years (Carry Over)

Business losses

- carry back 3 years
- carry forward 7 years for year ends before March 23, 2004
- carry forward 10 years for year ends before January 1, 2006
- carry forward 20 years for year ends after December 31, 2005

Capital losses

- carry back 3 years
- carry forward indefinitely

◆ Tax Deductions Often Overlooked

Investment counsel fees
 Accounting to complete tax returns (in certain cases)
 Legal fees to object to or appeal a tax assessment
 Legal fees to collect unpaid salary or wages
 Legal fees to establish or enforce child support
 Moving expenses relating to employment at a new location
 or for students getting scholarships or research grants
 Child care expenses – babysitting, day nursery, day camps
 and boarding schools or camps
 Safety deposit box rental to store investment papers
 Conferences and conventions for the self-employed
 Employment expenses – supplies, home office, vehicle and
 travel
 Capital and investment income losses of other years
 Interest on student loans
 Capital loss on worthless securities

◆ Capital Gains Exemption

If you own shares of a qualified small business corporation or qualified farm or fishing property or corporation, you are entitled to a lifetime limit of \$800,000 of capital gains exemption when the shares or property are sold. There are some restrictions relating to qualifying assets but these can usually be satisfied given sufficient time to do so before a sale takes place. Taxpayers should seek professional advice in this area.

◆ Employee Stock Options

Shareholders of Canadian public and private corporations are effectively eligible for capital gains treatment on the sale of shares of their employer's company. Otherwise, the gain would be fully taxable as employment income. There are a number of conditions that must be in place at the time that the shares are issued. In most cases, adjustments to the share option or share purchase agreement cannot be made after the option has been granted. Capital gains treatment is created by a 50% deduction of the taxable benefit from employment when the option is exercised.

NON-TAXABLE INCOME

◆ Non-Taxable Employee Amounts

Employer contributions to private health services plan
 Up to two non-cash gifts per year - under \$500 in total
 Employer contributions to group sickness or accident insurance plans
 Employer paid accountable moving expenses and non-accountable expense up to \$650

Payment of club dues that benefit employer
 Employer paid tuition fees related to employment
 Counseling for employee related to job termination or retirement
 Uniforms or special clothing for employees
 Use of employer's recreational facilities
 Board, lodging and transportation to out of town work places for employees
 Travel costs paid by employer for spouse of employee if spouse was engaged primarily in employee business activities

CANADA PENSION PLAN

◆ Maximum Monthly CPP Benefits

Retirement pension (age 65)	\$1,065
Disability pension	1,264
Survivor pension	
Under 65	581
Over 65	639
Combined survivors and retirement	1,065
Combined survivors and disabilities	1,264
Death benefit	2,500
Normal benefit starting age	65

Individuals can elect to start collecting between 60 and 70 with following monthly change to monthly amounts:

60-65 decrease of 0.6%

65-70 increase of 0.7%

You would usually choose to defer pension income if you have a longer life expectancy

◆ CPP Contribution Details

Maximum Pension	\$1,038
Pensionable earnings	52,500
Basic exemption	3,500
Employee/employer amount	4.95%
Self-employed	9.90%
Maximum annual employee and employer contribution	2,426
Maximum self-employed contribution	4,851

A CPP Statement of Contributions and benefit information is available online at www.sdc.gc.ca - you will need to set up a personal access code. If you wish a printed format call 1-800-277-9914. You will require your SIN.

OLD AGE SECURITY

◆ Monthly OAS and Guaranteed Income Supplement (Approximate – changes quarterly)

Pension	\$551
Supplement	
Single (maximum qualifying income (\$16,944))	747
Pension claw back base income level (claw back is 15% of excess income)	\$71,592
Full claw back income level	\$114,815
Years resident in Canada after age 18 for full pension	40
Normal benefit starting age	65

OAS income can be deferred until age 70 increasing benefits by 0.6% per month of deferral. Deferral of benefits may be advantageous for those with possible claw back, long life expectancy and lower future tax rates.

To obtain information on OAS consult the OAS section of the Social Development Canada website at www.sdc.gc.ca or call 1-800-277-9914. You will require your SIN.

INCOME SPLITTING

◆ Income Attribution - Loans and Gifts

	To Spouse	Children under 18
Interest and dividends	Yes	Yes
Capital gains	Yes	No

When you transfer property (by a gift or interest free loan) to a spouse or children under age 18, the income from the transferred property will continue to be taxed to the transferor. The significant exception is the attribution of income from capital gains on property transferred to children under age 18. Taxation of attributed income may be avoided by the use of full consideration or a loan at the prescribed interest rate.

◆ Pension Splitting

Spouses can agree to split 50% of qualifying pension income with the other spouse for tax purposes. This is done simply by filing an election signed by both spouses with both tax returns. Qualifying pension income does not include Old Age Security, Canada Pension or lump sum RRSP withdrawals.

Taxpayers 65 and over can elect to split income from registered pension plans and most income from RRSPs, RRIFs and LIFs. Amounts that can be split will usually be shown on lines 115 and 129 of the T1 personal tax return. Taxpayers under 65 have more limited options.

◆ Required Interest Rate on Loans to Avoid Attribution

2014 – 1 st quarter to 4 th quarter	1%
2015 – 1 st quarter	1%

TAX ADMINISTRATION

◆ Personal Tax Instalments - Allowable Methods

- 1) Anticipated income for the year divided by four
- 2) Income tax for the previous year divided by four
- 3) Income tax for the second previous year divided by four for the March and June installment payments plus income tax for the previous year less the first two installment payments divided by two for the September and December installment payments.

CRA uses method three

◆ Interest on Taxes Due / Refunds (2014)

Interest rates on tax refunds and tax amounts due is adjusted quarterly.

	Federal Tax Refund	Tax Due
First	3%	5%
Second	3%	5%
Third	3%	5%
Fourth	3%	5%

◆ Tax Reassessments

CRA can only reassess prior years provided the reassessment is issued three years from the mailing date of the original assessment notice. CRA will allow taxpayers to go back ten years if they made an obvious oversight that would result in a tax refund.

◆ Records Retention

Books and records must be kept for six years at your residence or place of business. You should continue to keep all receipts for assets you still own. If a tax year is under objection or appeal or if you are unsure about a prior year

adjustment, you should also keep the records until the issue has been cleared up.

◆ Tax Fairness Provisions

CRA Information Circular IC 07-1 spells out their policies to allow revisions for prior year's tax returns in order to obtain tax refunds that may not otherwise be available. CRA's policy in this area is complex and is set out in our Tax Alert on our website www.finplans.net, *CRA Relief Provisions/Amended Tax Election*. The provisions are often used to obtain tax refunds for overlooked tax credits of the prior 10 years.

CORPORATE TAXES

◆ Small Business Taxes

First \$500,000 of business income	15.5%
Business income over \$500,000	26.5%
Interest and rental income (26.7% refundable)	46.2%
Capital gains (13.35% refundable)	23.1%
Dividend income (fully refundable)	33.3%

Ontario claws back the lower corporate rate of tax on business income when income exceeds \$500,000

ONTARIO TAXES

◆ GST/HST Rates

To June 30, 2006	7%
July 1, 2006 to December 31, 2007	6%
January 1, 2008 to June 30, 2010	5%
July 1, 2010 forward	13%

◆ Ontario Health Premiums – Per Family Member

Taxable Income Range	Premium
\$20,000 or less	\$Nil
20,001 to 25,000	6% of TI over 20,000
25,001 to 36,000	300
36,001 to 38,500	300 + 6% of TI over 36,000
38,501 to 48,000	450
48,001 to 48,600	450 + 25% of TI over 48,000
48,601 to 72,000	600
72,001 to 72,600	600 + 25% of TI over 72,600
72,601 to 200,000	750
200,001 to 200,600	750 + 25% of TI over 200,000
Over 200,601	900

◆ Ontario Probate Fees

First \$50,000	0.5%
Over \$50,000	1.5%

◆ Ontario Land Transfer Tax

UP to \$55,000	0.5%
\$55,001 to 250,000	1.0%
Over 250,000	1.5%

Does not apply to land passing to joint tenants on death

US TAXES

◆ US Federal Personal Income Tax Rates

US Federal personal tax rates vary depending on marital status. The top marginal rate and the level of income required is as follows:

	Income	Rate
Single	\$457,600	39.6%
Married filing separately	228,800	39.6%
Married filing jointly	457,600	39.6%
Head of household	432,200	39.6%

◆ Withholding Tax on Payments to Non Residents

	United States
Interest	0%
Dividends	5/15%
Pensions & annuities	
Periodic	15%
Lump sum	25%
CPP	Nil
OAS	Nil

◆ US Withholding Taxes

If US withholding taxes are being made at higher than Canada US tax treaty rates, form W-8BEN should be filed with your investment advisor to take advantage of lower treaty rates. Form 1040NR can be filed to get a refund of excess withholdings in prior years.

◆ Average Annual US Exchange Rates

	Average	Year End
2008	1.06601429	1.23450
2009	1.14197729	1.05440
2010	1.02993904	1.00775
2011	0.98906920	1.023785
2012	0.99958008	0.989568
2013	1.02991480	1.063915
2014	1.10446640	1.160100

◆ Reporting US Presence - Snowbirds

If you reside in the United States for extended periods of time (normally more than four months a year) you should be filing Form 8840 with the IRS to avoid becoming a US resident taxpayer. If you own US real estate which you rent even for some of the time in a year or sell you must file a US 1040NR return as a non-resident US taxpayer.

◆ Reporting Non US Bank Accounts

FINCEN Form 116 (FBAR) has been considerably overhauled with more extensive reporting and severe penalties for non-reporting.

◆ US Estate and Income Tax

The exemption for US estate tax was \$5250,000 in 2013 and will move to \$5,346,000 in 2014. The highest estate tax rate in 2012 was 35% but moved permanently to 40% for 2013 and later years. For Canadians, the exemption is pro-rated by the percentage of US assets to total assets.

You may own property in the United States which will be subject to US estate taxes. The most typical assets are US real estate, shares of US corporations. Excluded are shares in non US corporations, US bank deposits, American Depository receipts and US investments owned by Canadian mutual funds and ETFs.

The Canada US tax treaty contains an exemption which may completely exempt Canadians from US estate tax if they own property situated in the United States. Even if you owe US estate taxes, Canada allows a credit for US estate taxes against Canadian income taxes. You will still have to file a US estate tax return if your US assets exceed \$60,000 (US). More details are outlined in our *US Tax Alert, US tax reform and their fiscal cliff* shown on our website. US income tax rates increased in 2013 under the fiscal cliff tax reforms. The 2012 and 2013 rates and amounts for married taxpayers filing jointly are as follows.

The US estate tax top rates and exemptions are as follows:

Year	Exemption	Rate
2012	\$5,120,000	35%
2013	5,250,000	40%
2014	5,340,000	40%

◆ US Personal Tax Rates

	Single	Married Filing Separately	Married Filing Jointly
\$0-9,075	10%	10%	
0-18,150			10%
9,076-36,900	15%	15%	
18,150-73,800			15%
36,901-89,350	25%		
36,901-74,425		25%	
74,426-148,850			25%
89,351-186,350	28%		
74,426-113,425		28%	
146,851-226,850			28%
186,351-405,100	33%		
113,426-202,550		33%	
226,851-405,100			33%
405,101-406,750	35%		
202,551-228,800		35%	
405,101-457,600			35%
406,751 +	39.6%		
228,801 +		39.6%	
457,601 +			39.6%

◆ US Long Term Capital Gains and Dividends Rates

Ordinary Tax Bracket Rate	Capital Gains/Dividends Rate
0%	0%
10%	0%
15%	0%
25%	15%
28%	15%
33%	15%
35%	15%
39%	20%

- Most people will pay a 15% tax rate on long-term capital gains as shown above.
- Other rates apply to certain special situations but are generally not applicable to US citizens living in Canada.
- The long-term capital gain rate is available on assets owned more than a year

◆ US Gift Tax

The US gift tax has both annual and a lifetime exclusion amounts which are as follows:

Year	Annual	Lifetime
2011-2012	13,000	5,000,000 and 5,120,000
2013-2014	14,000	5,250,000 and 5,346,000

A gift to a spouse who is not a US citizen or resident of the United States is \$145,000 in 2014.

◆ Personal Foreign Investment Company (PFIC)

US citizens who invest in Canadian mutual funds and exchange traded funds are subject to full US income tax on the annual realized and unrealized gains on such investments. On the other hand, Canada only taxes realized gains at capital gains rates. Consequently, there is a significant mismatch between Canada and US reporting which can result in significant extra tax to pay. Americans should not own these types of investments.

◆ Giving Up US Citizenship (Expatriation)

Some Americans are beginning to question the need to maintain their US citizenship in view of the cost of filing US tax returns and the increasing intrusion of the US government into their personal affairs. Some have taken steps to renounce their US citizenship.

If you give up your US citizenship, you must file from 8854 with your 1040 tax return for that year. Income will include all normal income up to the date of expatriation plus income deemed to be earned on the realization of certain assets on the date of expatriation.

Tax on the deemed income only applies to covered expatriates. The first \$600,000 (indexed) of capital gains are exempt. Expatriation tax can apply if you own large RRSP balances or a home with a large unrealized capital gain. The fee to expatriate is now \$2,350.

Holders of green cards that existed at least eight of the last fifteen years at the time of expatriation are also subject to exit tax rules.

HELPFUL WEBSITES

Canada Revenue Agency	www.cra-arc.gc.ca
Canada Benefits	www.canadabenefits.gc.ca
Canadian MoneySaver	www.canadianmoneysaver.ca
Globe and Mail	www.globeandmail.ca

KPMG	www.kpmg.ca
Manulife Investments	www.manulifeinvestments.com
PricewaterhouseCoopers	www.pwc.com
Social Development Canada	www.sdc.gc.ca
US Internal Revenue Service	www.irs.gov
Province of Ontario	www.fin.gov.on.ca

WEBSITE CHECKLISTS

Our website, www.personalwealthstrategies.net contains a number of checklists. Checklists not only help us get necessary information to help our clients but they can help clients think about issues that they might not otherwise have considered.

◆ Financial Planning

- The Objectives of Financial Planning
- Your Personal Financial Check-Up
- Major Sources of Retirement Income

◆ Canadian Income Tax

- Canadian Personal Tax Preparation Checklist
- Trust Tax Return Checklist
- Deceased Individuals Final Tax Return
- Foreign Income Verification Statement

◆ Estate Planning

- Estate Planning – A Basic Checklist
- Will Review Checklist
- Executors Checklist for Estate Administration
- Estate Planning and Will Preparation – Fifteen Good Basic Rules

◆ Special Needs Planning

- Financial Assessment – Special Needs Individual
- Special Needs Assessment – Sorting Through the Maze for the Long Term

◆ Investing

- Retirement, Investment and Income Generating Vehicles
- Making Your Investment Decisions

◆ US Tax

- US Tax Preparation Checklist – Initial Information
- US Tax Preparation Checklist – Annual Information
- US Voluntary Disclosure – Streamlined Filing
- Surrendering US Citizenship and Required Tax Compliance
- US Non-Resident Tax Filings

NEWSLETTER LIST

Our website, www.finplans.net publishes the *Tax Alerts*, *Financial Planning Alerts* and *Special Needs Alerts* listed below. They are an excellent source of planning commentary on specific issues. If you have looked at our website, please do not hesitate to call and we will email a copy to you.

◆ Canadian Tax Planning

- Emigrating from Canada – Tax Planning & Your Departure
- Disclosing Foreign Property on Your Tax Return
- Our Home, Our Cottage, Our Farm, Our Winter Condo! Tax Planning = Mega Savings
- Holistic Tax Planning – Jesse James Style
- CRA Relief Provisions/Amended Tax Elections
- Holding Company Rates Versus Personal tax Rates
- Investment Write Offs
- Charitable Donations – Compelling Tax Benefits
- Pension Income Splitting
- Private Companies – Retirement Compensation Arrangements
- Trusts for Many Purposes
- A Solid Investment for the Elderly
- RRSP's – Invest Your Tax Savings to Stay Ahead

◆ US Tax Planning

- Canadian Mutual Funds and ETFs
- US Expatriation
- Adventures of an Accidental American
- A Reprieve from Penalties for U. S. Non-Filers
- The US Internal Revenue Services is on the Warpath
- Americans Living in Canada – Not Filing FBAR Returns is a Serious Matter
- US Citizens Owning Canadian Stock Options
- Have you Filed Your 1040
- Reporting Non US Financial Accounts
- US Tax Filing Requirements – An Introduction
- Canada / United States Cross Border Tax Issues

◆ Financial Planning

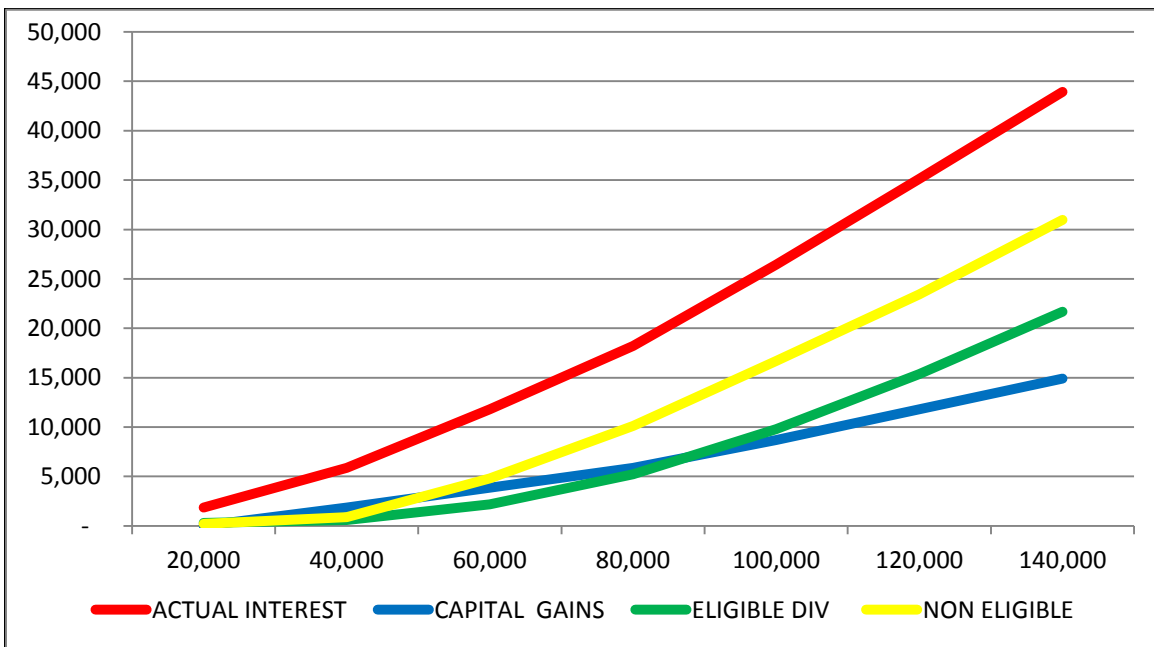
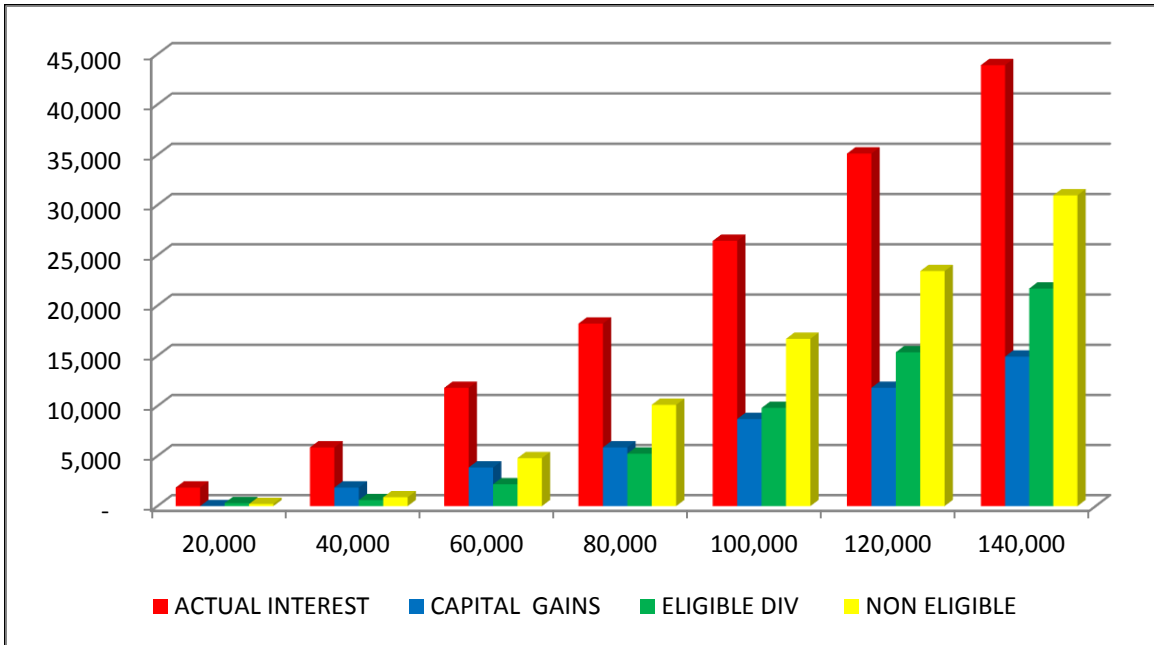
- Investment Management Fees
- You Owe Your Family a Personal Financial Plan
- Do-it –Yourself Investing
- Your Recovery Action Plan
- Tax Tactics in a Down Market
- Hold on to Those Gains a Bit Longer

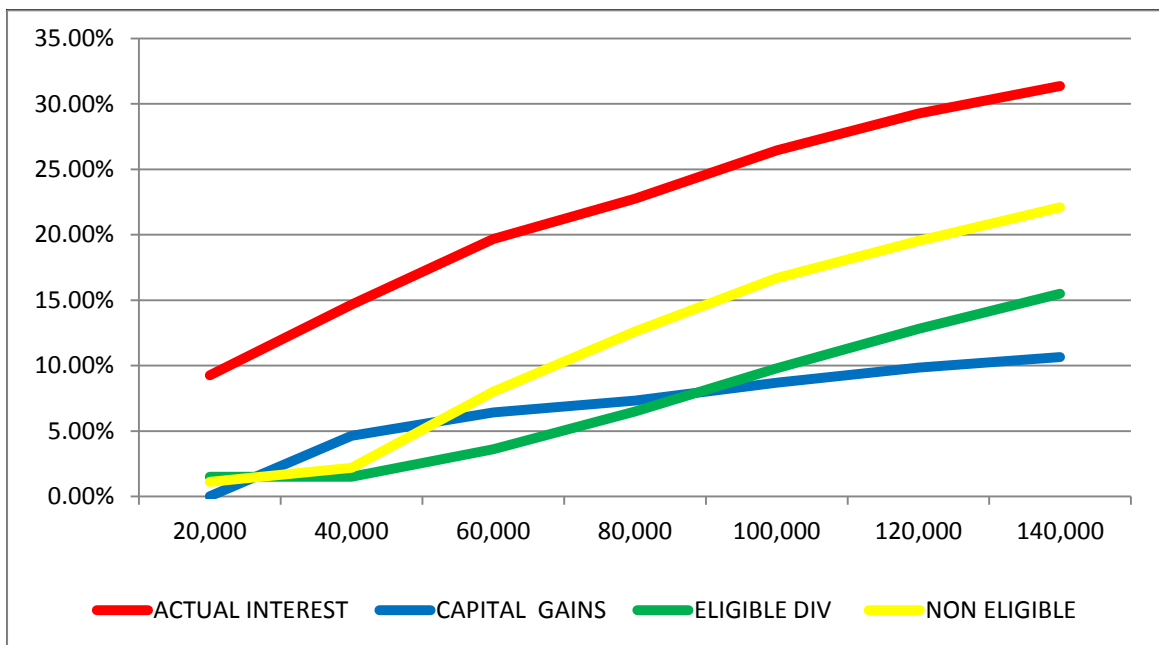
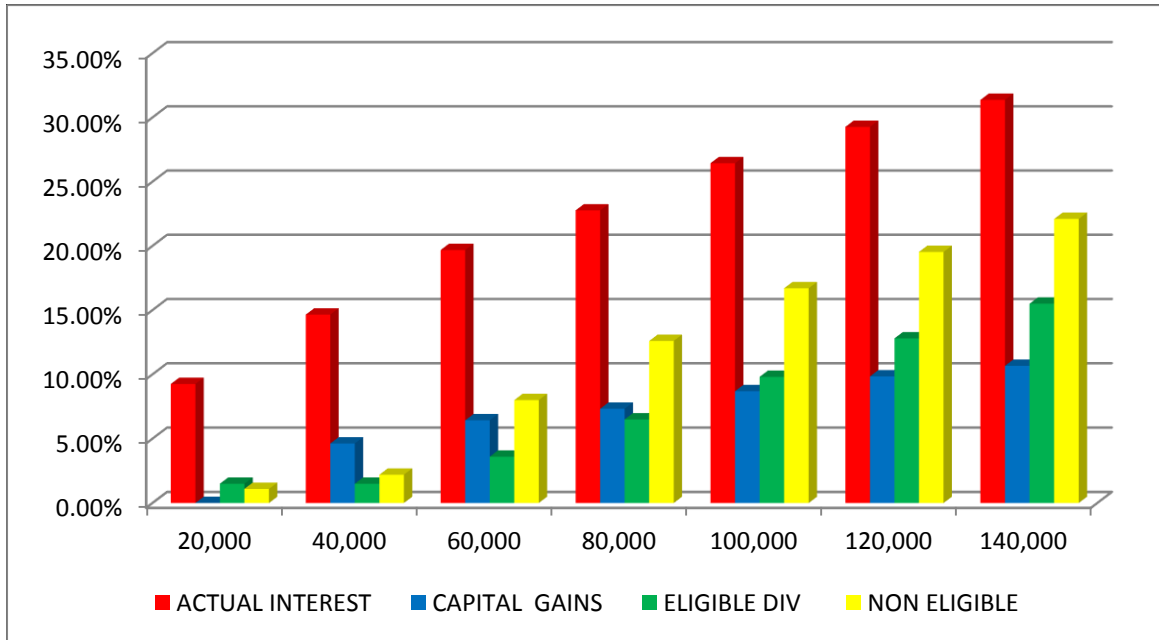
◆ Estate Planning

- Making a New RRSP or RRIF Designation in Your Will – Beware!
- RRSP/RRIF Losses After Death
- Administrative Obligations of Trustees
- Using Trusts in Your Will
- Estate Planning – A Portfolio Freeze
- The Practical Side of Estate Planning
- Plan Your POA for Property Carefully
- Some Will Planning Thoughts
- Giving Your Kids Something Now
- Holding Companies for Wealth Transfer
- Putting Your Will In Motion Before Death
- Designating RRSP and RRIF Beneficiaries

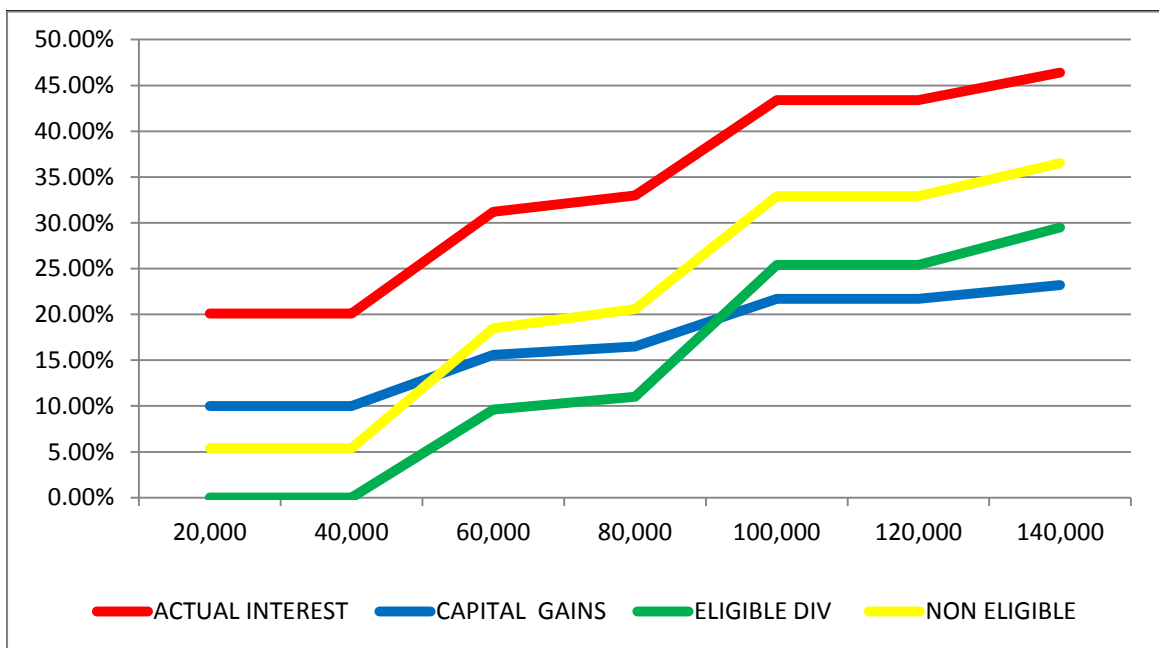
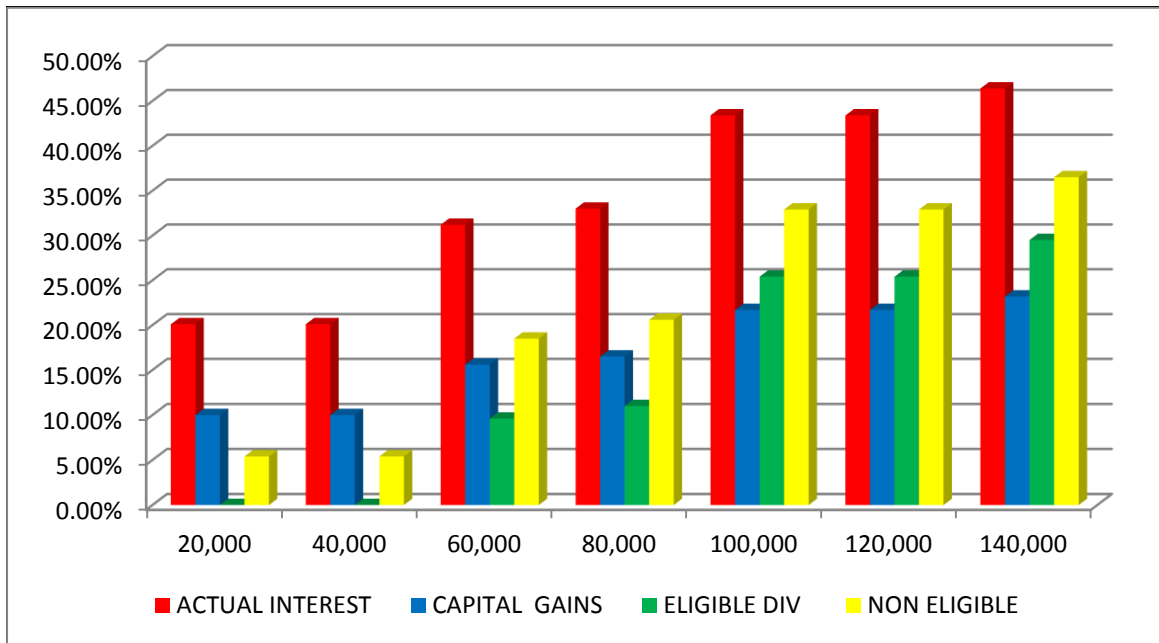
◆ Special Needs Planning

- All Our Children Deserve a Home
- The Henson Trust – The Mysteries Explored and Explained
- Disability Tax Credit Review and Analysis
- Tax Credits for Special Needs Individuals
- Lifetime Financial Planning for a Special Needs Individuals
- Financial Support, Asset Ownership and Legal Capacity
- Registered Disability Savings Plan

2014 TAXES PAYABLE

2014 AVERAGE TAX RATES

2014 MARGINAL TAX RATES



NON-REFUNDABLE TAX CREDIT AMOUNTS

	SCHEDULE LINE	FEDERAL AMOUNT	ON428 LINE	ONTARIO AMOUNT	CLAIMABLE OR TRASFERRABLE
FAMILY					
BASIC (F)	300	11,138	5804	9,670	
SPOUSE (F) (A) (6)	303	11,138	5812	8,211	
ELIGIBLE DEPENDANT (F) (A)	305	11,138	5816	8,211	
CHILD (F) (A)	367	2,255			EITHER SPOUSE
CHILD ARTS AND FITNESS (M)	365	500			EITHER SPOUSE
ADOPTION (M)	313	15,000	5833	11,797	EITHER SPOUSE
TRANSIT PASSES	364	UL			SPOUSE OR PARENT
CHARITABLE DONATIONS (M) (5)	349	M			EITHER SPOUSE
HOME BUYER	369	5,000			
<i>The charitable donation tax credit can be carried forward for five years.</i>					
LEARNING CREDITS					
EDUCATION AND TEXT BOOKS - FULL TIME (M)	323	465	5856	520	SPOUSE, PARENT, GRANDPARENT
EDUCATION AND TEXT BOOKS - PART TIME (M)	323	140	5856	156	SPOUSE, PARENT, GRANDPARENT
TUITION	323	UL			SPOUSE, PARENT, GRANDPARENT
STUDENT LOAN INTEREST	319	UL			
<i>The tuition, education and textbook credits can be carried forward indefinitely</i>					
EMPLOYMENT CREDITS					
CANADA EMPLOYMENT (M)	363	1,127			
CANADA PENSION (M)	308	2,426	5824	2,426	
EMPLOYMENT INSURANCE (M)	312	914	5832	914	
<i>These credits cannot be carried forward</i>					
MEDICAL					
MEDICAL EXPENSES	330	UL			EITHER SPOUSE
DEPENDENT'S MEDICAL (2)	331	UL	5872		
ATTENDANT CARE	330	UL			EITHER SPOUSE
<i>Attendant care cannot be carried forward.</i>					
DISABILITY DEPENDENT RELATED CREDITS					
DISABILITY TAX CREDIT (F)	316	7,766	5844	7,812	(1)
CHILD DISABILITY SUPPLEMENT (F)	316	4,530	5844	4,556	(1)
INFIRM ELIGIBLE DEPENDENT OVER 18 (M)	306	6,589	5820	4,558	
CAREGIVER (F) (A)	315	4,530	5840	4,557	
CAREGIVER INFIRM SUPPLEMENT (F)	315	2,058			
ADULT ELIGIBLE DEPENDENT (M) (3)	305	11,138	5816	8,211	
<i>These tax credits cannot be carried forward</i>					
RETIREMENT CREDITS					
AGE 65 (F) (C)	301	6,916	5808	4,721	OTHER SPOUSE
PENSION (M)	314	2,000	5836	1,337	OTHER SPOUSE
<i>These tax credits cannot be carried forward</i>					
NOTE:					
(1) Amount is claimable by spouse, parent, grandparent, child, sibling, aunt, uncle, niece, nephew					
(2) Medical expenses can be claimed for costs paid for dependent children over age 17 (\$10,000 limit removed in 2012)					
(3) Must reside with taxpayer, be over age 18 and infirm					
(4) Credit amounts can be fixed (F), subject to a maximum (M) or unlimited (UL)					
(5) The Federal and Ontario tax rate is 15% and 5.05% respectively for all items except for donations over \$200 where the rates are 29% and 11.16% respectively plus the surtax rate if applicable					
(6) Spouse includes a common law partner					
(7) Caregiver supplement is available (A) with certain other credits					
(8) Credit is subject to claw back (C)					

THE OBJECTIVES OF FINANCIAL PLANNING

The Objective	Some Examples
◆ To get <i>value for money in family financial planning</i>	Reduce interest costs Rent versus own
◆ To <i>minimize and defer income taxes</i> and other government levies	Pensions, RRSPs, income splitting Gifting
◆ To <i>maximize return on investments</i> at a reasonable level of risk	Investment strategies Quality advice Fees and diversification Tax rates
◆ To accumulate the necessary savings for <i>significant family needs</i>	Recreational property Children's education
◆ To <i>prepare family members</i> who want to carry on the family business if applicable.	Balance estate amongst children Sale of the family company
◆ To have the <i>necessary capital available in case of unexpected loss of income</i> due to death or disability	Insurance Systematic savings Financial planning
◆ To <i>mentor children</i> in wealth management.	Family discussions Trusts Professional advisors
◆ To have sufficient <i>savings and income for retirement</i>	Systematic savings Use of tax deferred plans
◆ To make sure <i>charitable giving</i> is done in a tax effective way during your lifetime and on death.	Gifts of appreciated property Community Foundations
◆ To <i>minimize taxes at death and distribute estate according to your personal wishes</i> .	Will planning and executors Trusts

A properly prepared financial plan will address all of the above issues. In fact, that is the main purpose of a financial plan. The active part of financial planning usually has a three to five year time horizon at which time a fresh look needs to be taken and a new financial plan put in place. Financial projections beyond five years are interesting but much less reliable.

Estate Planning and Will Preparation - Fifteen Good Basic Rules

- ◆ Start the transfer of wealth now while you can still get some glory – a trust for your grandkid's education or a significant gift to your favourite charity while you are alive may be worth considering.
- ◆ Talk to your family about your will – start one on one and then move on to a full family meeting.
- ◆ Do your will while you are able and no one can challenge your competence as they may do if you start to get a bit odd.
- ◆ Do what you can to save taxes but make sure taxes are always in second place behind personal wishes.
- ◆ Look carefully at the influence that others have on you when making your decisions that could later be perceived as *undue influence* on you by still others who feel they were edged out in some way.
- ◆ Make sure your executors have the skills to act in that capacity – perhaps with some checks and balances to resolve the tough issues when you aren't there to be the referee.
- ◆ Your will should honour all of your legal obligations including statutory ones such as your obligations to adult dependants you are still supporting.
- ◆ Trusts have advantages both for tax planning and estate administration – use them.
- ◆ Have lots of liquidity to meet your personal needs before you die so when you can no longer think straight you don't have to live below the poverty line. You may live longer than you think.
- ◆ Make the provisions of your will as detailed as possible to keep down the arguing amongst your beneficiaries as to what you actually intended.
- ◆ If you are able compartmentalize bequests of specific assets to specific beneficiaries, life will be a lot easier for your executors.
- ◆ Make sure beneficiary designations outside your will (RRSP's, etc.) are consistent with the distribution of assets in your will.
- ◆ Know how income taxes will be applied to your various estate assets so a misplaced tax liability does not destroy a bequest for a beneficiary.
- ◆ Make sure any bequest for a special need has sufficient capital to meet that need.
- ◆ Don't tie up your assets for an eternity.

HOW WE CAN HELP YOU

	<i>Importance to You</i>
◆ Preparation of <i>personal tax returns</i> .	_____
◆ Review <i>tax planning</i> opportunities (income splitting, use of trusts, gift giving to children and grandchildren etc.).	_____
◆ Monitor <i>investment performance</i> and related tax issues.	_____
◆ Advice on your <i>day-to-day family financial decisions</i> (mortgages, house purchases, debts, etc).	_____
◆ <i>Accounting services</i> .	_____
◆ Recommendations on <i>insurance coverage</i> (health, disability, life, liability).	_____
◆ Planning for gifts to charities.	_____
◆ Implement structures to maximize <i>retirement income</i> through effective use of such vehicles as pensions, RRSP's, TFSA's, retiring allowances and income splitting.	_____
◆ Assistance with mentoring of children to handle the family wealth that will be passed to them.	_____
◆ Assistance with financial planning for a special needs individual.	_____
◆ Assistance with the revision of your <i>will and powers of attorney</i> . Most wills are not tax effective nor do they use many structures that could make them better.	_____
◆ Review of <i>estate planning</i> to assure that assets pass to the next generation at the least cost in accordance with your wishes.	_____
◆ Assistance with financial planning as it relates to your <i>parents to help them make sure their finances, wills and powers of attorney are in order and tax efficient</i> .	_____
◆ Work with <i>other professional advisors</i> to coordinate your planning.	_____
◆ Assistance with <i>day-to-day need for information</i> about personal finances.	_____
◆ <i>Review of actions you have already carried out, change if necessary</i> and set out new priorities for the future.	_____